

Purchasing Week

McGraw-Hill's National Newspaper of Purchasing

Vol. 4, No. 6

New York, N. Y., February 6, 1961

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\$6 A YEAR U. S. AND CANADA \$25 A YEAR FOREIGN

How P.A.'s Can Tell When the Price Is Right

NEW KEY-CITY PERSPECTIVES ON PURCHASING



Along with the spot output of its 90-odd domestic and 84 foreign reporters, Purchasing Week now will give you detailed weekly reports from the key areas shown on the map at the left. Actually, you'll get two reports per week: the 'Washington Perspective' (which appears in every issue); plus an additional, rotating commentary from 10 other areas. You'll find the first one on page 28.

Nine-Point Formula Gains Buyer Favor, Management Blessing

If the top man in your company came into your office today and, without warning, demanded that you justify your latest purchases, what would you tell him?

Last week Purchasing Week reporters across the nation asked key purchasing executives just that question. Here's what they replied:

New York—"I keep my ears open, solicit twice as many bids as before, and make it my business to know what the big operators are paying."

That's the way the purchasing agent of a St. Louis metal-working plant describes his program of protecting himself and getting the best deal possible today.

It's a typical technique, but not the only one by any means. These are some of the other ones in use:

- **Cracking down on suppliers.** Some purchasing agents feel that since they are sitting in the driver's seat during the present buyer's market, they are entitled to squeeze the vendor until he turns blue.

- **Cooperating more closely with supplier.** Other purchasing executives use the carrot rather than the stick. They say that working with, rather than against, vendors is the best way to get real protection.

- **Spot and contract buying.** There appears to be a significant trend toward use of spot contracts, but long-term agreements (Turn to page 50, column 1)

Truckers Aim For Sizable Rate Hikes

Chicago — Rate-making officials in the Midwest, South, and Eastern Central States will shoot for tariff increases ranging up to 12% to pay for their new labor contracts with James R. Hoffa's Teamsters.

- The Central States Motor Freight Bureau said it will submit proposals calling for 12% boosts on "all class and commodity rates and charges" at a rate committee session Feb. 8.

- The Eastern Central Motor Carriers Assn. said it will ask members in its regional area for 5% increases on truckload rates between Midwest and Eastern points, plus 10% increases in LCL rates and charges.

- In the South, the Southern Motor Carriers Rate Conference met last week to hammer out rate increases to offset Teamster (Turn to page 49, column 1)

Antitrust Expert Slated For FTC as President Turns Guns on Prices

Washington — The fired-up Kennedy Administration lost no time picking up a perennial hot potato—prices—last week.

In his state of the union address, Kennedy expressed concern over "high prices" and repeatedly promised action to achieve "price stability."

Paul Rand Dixon, general counsel of Sen. Estes Kefauver's Antitrust and Monopoly Subcommittee appeared slated to take over from Earl W. Kintner as Federal Trade Commission chairman.

Meanwhile, Kefauver himself announced plans to hold hearings on pricing policies which he believes have helped drive American-made goods off world markets.

And in another development, mining state congressmen, called (Turn to page 4, column 3)

Purchasing Ranked Second to None In New AMA Industrial 'Who's Who'

New York—The purchasing executive's key role in industry was underscored today by the American Management Assn.'s announcement that it has formed a Purchasing Division to take over the job of training buyers in the purchasing and material management field.

Formerly, Purchasing was assigned a subordinate role, as a branch of manufacturing training. But now that it has been elevated to the same rank as AMA's 10 other divisions, the P.A.'s prestige seems certain to be enhanced in the eyes of the men who run American industry.

Presiding over the Purchasing Division's advisory Planning Council of 25 leading purchasing managers will be Andrew M. Kennedy, Jr., vice-president purchasing and traffic at Westinghouse Electric Corp. The council members include experienced purchasing men such as David S. Gibson, Worthington Corp., Thomas O. English, Alcoa, Harold F. Berry, Rock Island Lines, and Harry Moore, IBM. The Council will keep the AMA posted on the latest trends in advanced purchasing management, from an on-the-job point of view.

New staff director for the pro-



gram is Samuel C. Farmer, formerly program director for the Manufacturing Division. Farmer (Turn to page 49, column 1)

Chrysler Posts Watchdog

Detroit — Chrysler Corp., which had to call in outside investigators to check possible conflict of interest dealings by its top executives, has set up a management watchdog committee to police employee relations with supplier firms.

A five-page directive to some 15,000 executives and other em- (Turn to page 49, column 4)

This Week's

Purchasing Perspective

FEB. 6-12

Will the day ever come when business forecasters can say they enjoy the same enviable reputation as that seer-of-seers, the famed Punxsutawney groundhog? That old weather prophet last week made his annual forecast, which, shadow or no shadow, is never really wrong.

So let it be with economic prophets and the current recession. Now, at last, is an opportunity for everybody to be right, and come spring—or will it be August?—every business man in the country will be smiling again.

The Eisenhower prophets departed in mid-January with an optimistic, or at least hopeful, nod to the not-so-distant future.

The brisk new Kennedy Administration countered that the present state of the economy is disturbing, if not downright bleak, and intimated that the situation could be improved by some immediate remedial action. The combination of ideas somehow clicked, and Wall Street and a broad segment of businessmen suddenly began believing what they had been hearing all along (Turn to page 49, column 4)

P/W PANORAMA

- **The Air Force Needs You** and is doing its best to upgrade the purchasing profession in return. For a good idea of how the AF's procurement arm, the Air Materiel Command, is going about this, see the spread on pages 18 and 19.

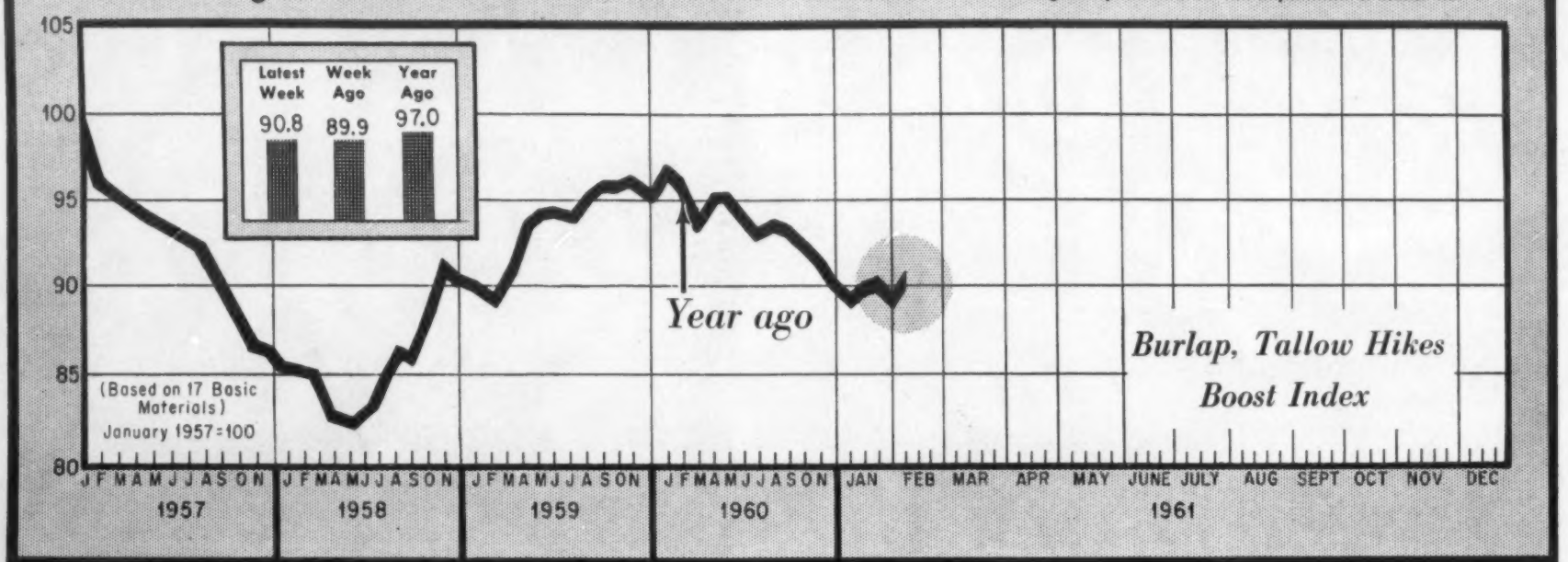
- **The 'Professional Perspective' Headliner** of the week, John M. Owen, Jr., goes behind the scenes of the price picture this week. Owen's column on page 22 gives some helpful hints on how to read trends in basic commodities and metals.

- **Do You Think You're Meeting the Challenge** of the present-day business world? A long-time friend of P.A.'s, who is one of the leading authorities on modern purchasing methods, doesn't think so. The story on page 44 gives his reasons.

- **Be Specific About Delivery Dates**, especially if you want your shipments to come in installments. That's the advice offered in 'The Law and You' column on page 32, along with some other fine points on the legal aspects of purchasing.

Purchasing Week Industrial Materials Price Barometer

This index, based on 17 basic materials, was especially designed by the McGraw-Hill Department of Economics.



This Week's Commodity Prices

METALS

	Feb. 1	Jan. 25	Year Ago	% Yrly Change
Pig iron, Bessemer Pitts., gross ton.....	67.00	67.00	67.00	0
Pig iron, basic, valley, gross ton.....	66.00	66.00	66.00	0
Steel, billets, Pitts., net ton.....	80.00	80.00	80.00	0
Steel, structural shapes, Pitts., cwt.....	5.50	5.50	5.50	0
Steel, structural shapes, Los Angeles, cwt.....	6.20	6.20	6.20	0
Steel, bars, del., Phila., cwt.....	5.97	5.97	5.975	-.1
Steel, bars, Pitts., cwt.....	5.675	5.675	5.675	0
Steel, plates, Chicago, cwt.....	5.30	5.30	5.30	0
Steel scrap, #1 heavy, del. Pitts., gross ton.....	32.00	30.00	43.00	-25.6
Steel scrap, #1 heavy, del. Cleve., gross ton.....	29.00	29.00	43.00	-32.6
Steel scrap, #1 heavy, del. Chicago, gross ton.....	30.00	30.00	41.00	-26.8
Aluminum, pig, lb.....	.26	.26	.26	0
Secondary aluminum, #380 lb.....	.23	.23	.25	-8.0
Copper, electrolytic, wire bars, refinery, lb.....	.286	.286	.331	-13.6
Copper scrap, #2, smelters price, lb.....	.228	.225	.26	-12.3
Lead, common, N.Y., lb.....	.11	.11	.12	-8.3
Nickel, electrolytic, producers, lb.....	.74	.74	.74	0
Tin, Straits, N.Y., lb.....	1.003	1.004	1.00	+.3
Zinc, Prime West, East St. Louis, lb.....	.115	.115	.13	-11.5

FUELS†

	Feb. 1	Jan. 25	Year Ago	% Yrly Change
Fuel oil #6 or Bunker C, Gulf, bbl.....	2.30	2.30	2.00	+15.0
Fuel oil #6 or Bunker C, N.Y., barge, bbl.....	2.62	2.62	2.37	+10.5
Heavy fuel, PS 400, Los Angeles, rack, bbl.....	2.10	2.10	2.15	-.23
Lp-Gas, Propane, Okla., tank cars, gal.....	.045	.045	.05	-10.0
Gasoline, 92 oct. reg., Chicago, tank car, gal.....	.126	.126	.111	+13.5
Gasoline, 84 oct. reg., Los Angeles, rack, gal.....	.11	.11	.107	+2.8
Kerosene, Gulf, Cargoes, gal.....	.10	.098	.095	+5.3
Heating oil #2, Chicago, bulk, gal.....	.103	.098	.094	+9.6

CHEMICALS

	Feb. 1	Jan. 25	Year Ago	% Yrly Change
Ammonia, anhydros, refrigeration, tanks, ton.....	94.50	94.50	90.50	+4.4
Benzene, petroleum, tanks, Houston, gal.....	.34	.34	.34	0
Caustic soda, 76% solid, drums, carlots, cwt.....	4.80	4.80	4.80	0
Coconut oil, inedible, crude, tanks, N.Y. lb.....	.138	.139	.198	-30.3
Glycerine, synthetic, tanks, lb.....	.273	.273	.293	-6.8
Linseed oil, raw, in drums, carlots, lb.....	.162	.162	.176	-8.0
Phthalic anhydride, tanks, lb.....	.195	.195	.165	+18.2
Polyethylene resin, high pressure molding, carlots, lb.....	.275	.275	.325	-15.4
Rosin, W.G. grade, carlots, fob N.Y. cwt.....	17.50	17.50	13.70	+27.7
Shellac, T.N., N.Y. lb.....	.31	.31	.31	0
Soda ash, 58%, light, carlots, cwt.....	1.55	1.55	1.55	0
Sulfur, crude, bulk, long ton.....	23.50	23.50	23.50	0
Sulfuric acid, 66% commercial, tanks, ton.....	22.35	22.35	22.35	0
Tallow, inedible, fancy, tank cars, N.Y. lb.....	.065	.066	.058	+12.1
Titanium dioxide, anatase, reg. carlots, lb.....	.255	.255	.255	0

PAPER

	Feb. 1	Jan. 25	Year Ago	% Yrly Change
Book paper, A grade, Eng. finish, Untrimmed, carlots, cwt.....	17.75	17.75	17.20	+3.2
Bond paper, #1 sulfite, water marked, 20 lb, carton lots, cwt.....	25.20	25.20	25.20	0
Chipboard, del. N.Y., carlots, ton.....	100.00	100.00	100.00	0
Wrapping paper, std. Kraft, basis wt. 50 lb rolls.....	9.50	9.50	9.25	+2.7
Gummed sealing tape, #2, 60 lb basis, 600 ft. bundle.....	6.60	6.60	6.30	+4.8
Old corrugated boxes, dealers, Chicago, ton.....	13.00	13.00	18.00	-27.8

BUILDING MATERIALS‡

	Feb. 1	Jan. 25	Year Ago	% Yrly Change
Cement, Portland, bulk carlots, fob New Orleans, bbl.....	3.65	3.65	3.65	0
Cement, Portland, bulk carlots, fob N.Y., bbl.....	4.20	4.20	4.18	+.5
Southern pine, 2x4, s4s, trucklots, fob N.Y., mftbm.....	116.00	116.00	124.00	-6.5
Douglas fir, 2x4, s4s, carlots, fob Chicago, mftbm.....	123.00	123.00	138.00	-10.9
Spruce, 2x4, s4s, carlots, fob Toronto, mftbm.....	82.00	82.00	93.00	-11.8
Fir plywood, 1/4" AD, 4x8, dealer, crld, fob mill, msf.....	60.00	60.00	68.00	-11.8

TEXTILES

	Feb. 1	Jan. 25	Year Ago	% Yrly Change
Burlap, 10 oz. 40", N.Y., yd.....	.166	.154	.105	+58.1
Cotton middling, 1", N.Y., lb.....	.323	.323	.332	-2.7
Printcloth, 39", 80x80, N.Y., spot, yd.....	.175	.175	.222	-21.2
Rayon twill, 40 1/2", 92x62, N.Y., yd.....	.21	.21	.235	-10.6
Wool tops, N.Y., lb.....	1.495	1.493	1.525	-2.0

HIDES AND RUBBER

	Feb. 1	Jan. 25	Year Ago	% Yrly Change
Hides, cow, light native, packers, Chicago, lb.....	.155	.155	.235	-34.0
Rubber, #1 std ribbed smoked sheets, N.Y., lb.....	.282	.282	.402	-29.9

† Source: Petroleum Week ‡ Source: Engineering News-Record

This Week's

Price Perspective

FEBRUARY 6-12

DETROIT'S DECISION to knock more than 300,000 units off first quarter 1961 production schedules—compared to the last quarter of 1960—has dampened the recovery expectations of every major metal.

In steel, for example, this cutback means a first quarter drop in consumption of some 600,000 tons—and is the major reason why automakers are pushing many of their February orders for sheets and bars into March and April. Similar deferments and cancellations are also reported by brass mills, who depend upon automakers for about 20% of their business.

Even aluminum is feeling the pinch. For the 15% increase in per car consumption of the light metal this year will be more than offset by an expected 18% decline in car production.

BUT ALUMINUM IS HARDLY in a position to complain.

Most other metals do not have the increase in per car use to cushion a fall in demand. In fact, the switch to compacts is tending to decrease per car consumption—thereby intensifying the effects of output cutbacks.

Use of smaller cars, for example, is expected to reduce over-all steel consumption by a whopping 1,375,000 tons in 1961.

Much the same is true of lead. Lighter cars mean lighter batteries which in turn mean less lead consumption. Last year this factor was strong enough to reduce lead use in batteries by 6%—despite an over-all increase in car production.

According to most analysts, the combination of lower car output and less material per vehicle will keep most metals prices under pressure through spring. A few even see another 1¢-2¢/lb. dip in copper unless demand picks up.

PRICES OF CONSUMER GOODS seem to be following the downward trek of the metals that go into them.

New figures from the Bureau of Labor Statistics, for example, reveal most consumer hard good lines are priced significantly below a year ago. New cars, at latest report, are selling some 3% below the comparable models of a year ago. In used cars, the decline has been even more abrupt—in order of 13%.

Major appliances are only down by about 1% but unofficial discounting is reported widespread in these areas. A 3%-5% drop probably would be a more realistic appraisal of what's happened here over the past year.

Moreover, current prices don't take into account the trend toward cheaper, stripped-down models. This "downgrading" is considered by many economists as an additional (though unofficial) price cut.

THE SILVER LINING—Silver is one metal that's unaffected by the general trend toward softer prices.

The reason: Demand is outpacing supply. World consumption over the past five years is estimated at 1.06-billion oz. Production, on the other hand, amounted to only 983-million oz. over that period.

The gap, so far, has been made up by sales of U.S.-held stocks—and that's why prices have so far failed to rise. But based on current consumption trends, this stockpile, which has declined some 40% over the past two years, will be exhausted in another year or so.

To guard against a steep price rise, some metal men are proposing what Simon Strauss, Vice President of Asarco, calls a "ratchet system." It would have the effect of permitting prices to rise gradually (month by month) to take into effect the gradually changing supply and demand situation.

But considerable industry opposition makes any near-term adoption of this proposal rather unlikely.

New Telephone Attachment 'Dials' Up to 290 Numbers by Pushbutton

West Orange, N. J.—Businessmen will soon be able to "dial" their most frequently called telephone numbers by merely pushing a button. The device which will make this possible, developed by the McGraw-Edison Co., will be available in midyear.

The telephone accessory, named Rapidial, stores up to 290 telephone numbers (internal switchboard, local, or long distance) on a special magnetic tape. The user may add new numbers at any time by dialing them into the unit. Corresponding names are entered on an alphabetical roll.

To call a number, the user turns the alphabetic roll until the name of the person he wants to call comes into view. Then he lifts the receiver and pushes the automatic dialing bar. The unit completes the call.

Rapidial is about 8 in. wide, 11 in. deep and 4 in. high. It can be used as a companion piece to a standard telephone, and will be rented on a monthly

basis by local phone companies. Neither the Bell System nor General Telephone, sole distributors of the device, has set prices yet, but rental is expected to run \$12 to \$15 a month. Both distributors expect to have units available in June.

McGraw-Edison's Thomas A. Edison Research Laboratory is now developing a similar unit for home telephone customers. The small model will handle from 30 to 40 numbers.



PUSH-BUTTON DIAL: Telephone accessory gets you any one of 290 numbers by simple push of button. Will be available in June.

Fruehauf Cutting Prices

Detroit—Fruehauf trailers appeared due this week for a series of minor reductions in single unit retail list prices, ranging from \$140 to \$745. The reductions will apply to most popular models in the Fruehauf line.

Example: In the case of the 40-ft. all-aluminum "Volume Van" with exterior posts, the company's largest selling item, the reduction will be in the neighborhood of \$270. A trailer such as this with standard tandem equipment has been listed at \$8,545 exclusive of taxes or freight.

Electrical Firms Court Good Will of Customers While Facing Sentences

Philadelphia—Major electrical manufacturers among the 29 due for sentencing this week on antitrust and price fixing charges have appointed two key industry figures to act as "goodwill ambassadors."

General Electric called former President Charles E. Wilson out of retirement to tackle the job of improving customer relations. And Westinghouse Electric Corp. created a vice-president's post for George L. Wilcox, formerly president of Canadian Westinghouse Co., Ltd. Allis-Chalmers is still mulling over the appointment of a key man for a similar role.

Major assignment of these men will be to hold voluntary "cooperative studies" with customers to determine if antitrust violations caused them financial damages. The appointments are part of a plan announced last December by the companies.

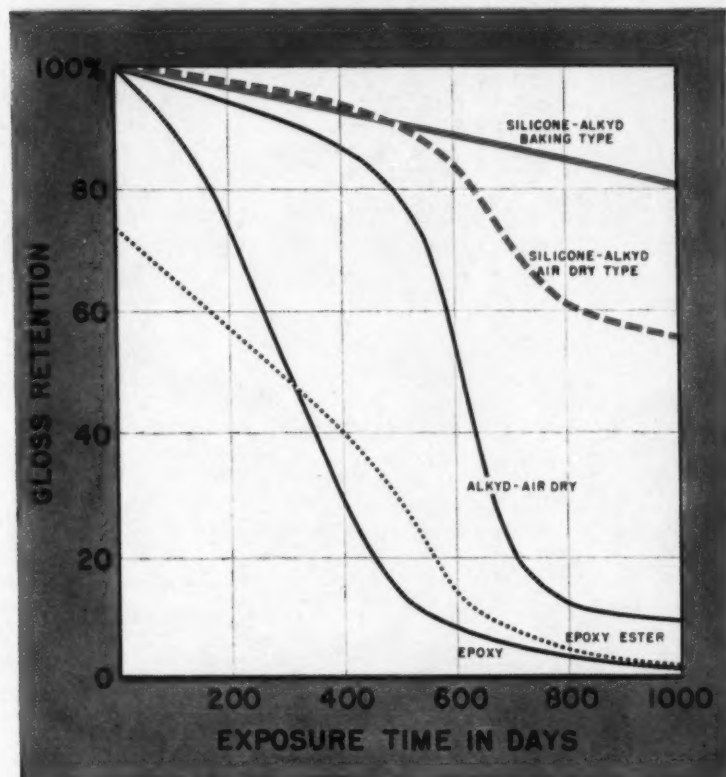
GE and Westinghouse used opposing strategies in their appointments. Wilson, called "Electric Charlie" in the trade to avoid confusion with former General Motors head Charles E. Wilson, is well-known in the industry.

Wilcox, while demonstrating aggressive leadership as head of Westinghouse's Canadian subsidiary, is virtually unknown to customers in the U.S. However, Canadian sources say his abilities as an industry statesman have been proven in such posts as his 1959-60 presidency of Canadian Electrical Mfrs. Assn. In fact, he'll handle additional assignments related to foreign competition for Westinghouse.

Wilson, on the other hand, brings a great deal of personal popularity, as well as long-term association with GE to the task. With GE for more than 50 years, Wilson was president during most of the '40s. In 1942-44 he was with the War Production Board, and became first director of the Office of Defense Mobilization after leaving GE in 1950.

SILICONE NEWS from Dow Corning

Why Hire Part-Time Paint?



Silicone-based paints last longer, cost less

It makes little sense to keep an employee that doesn't have the qualifications or capacity to do the job. Yet this is, in effect, exactly what many plants do when they use maintenance paints that break down shortly after application. To be sure, a coat of paint doesn't punch a time clock or demand fringe benefits, but it does have to work twenty-four hours a day. Thus, its cost of "employment" warrants considerable attention.

In practice, it's the interval between paintings that really determines your cost. The longer a paint film lasts, the less it costs to use—in time, labor and material. But perhaps most important are the costs that can't be calculated—for example, production lost when facilities must be shut-down for repainting.

Here's how you can save. By reducing labor costs and production down-time, paints based on Dow Corning Silicones make important contributions to your profit picture. Silicone paints, of course, take just as long to apply as do conventional paints. And like other high quality products, they are premium priced. But once they're on, they stay on, and on, and on, and then your savings start to pile up.

What makes silicone-based paints the good investment they prove to be? The simple answer is—greater resistance to the many enemies that maintenance coatings must face day and night. Included on this list are heat, cold, moisture, rust, corrosion, salt spray, ozone and the many other paint-killers that assault plants and equipment.

Hot spots no trouble now. When exposed to heat that, on some stacks and mufflers, soars to 1000 F, ordinary paints crack, peel and burn away. Moisture gets in. Rust, corrosion and trouble follow fast. But not so when you're using paints made with Dow Corning silicone resins. They are at their best when the "heat's on".

Some equipment is hot on one end and cold on the other . . . silicone paints hold tight on both ends. Film, gloss and color retention are excellent as well. There's no unsightly chalking, fading or streaking.

Concerning color: silicone-based coatings are now available in almost any color desired. Hot-running equipment and piping can be color-coded for increased safety and efficiency. And as some refineries have learned, a plant made more colorful and attractive helps improve public relations.

Best for your products, too. Silicone paints will work just as hard for you on the products you sell. Product finishes based on silicones keep color and gloss without fading or chipping just as their maintenance-coating fellows do. They stand up longer to hard wear, heat and abuse . . . improve customer satisfaction.

It all adds up to this: paint maintenance is probably costing you a lot more than it should. In many cases, this cost can be cut in half by using silicone paints that last up to 100% longer. So every time you think about paint—for maintenance or products—consider paints based on Dow Corning Silicones. Most leading paint manufacturers now offer these longer lasting coatings . . . coatings that really protect valuable plants and equipment.

Send for your copy of "Why Silicone-Based Paints Mean Less Maintenance". Write Dept. 7514.



Dow Corning CORPORATION
MIDLAND, MICHIGAN

ATLANTA BOSTON CHICAGO CLEVELAND DALLAS LOS ANGELES NEW YORK WASHINGTON, D. C.

Washington Perspective

FEB. 6-12

Pres. Kennedy's proposals to speed federal spending as an anti-recession measure should lend a powerful stimulant to the entire economy. But the most immediate effect will be in housing and certain defense-oriented industries, as well as on low-income families.

Chiefly, here is what Kennedy seeks:

- Extend unemployment payments to workers who have used up their benefits. Money would be advanced by the Treasury and returned later by higher tax payments by employers.
- Increase social security benefits by some \$1-billion by lowering the retirement age for men to 62 and increasing widows' benefits.
- Pay an extra dividend to holders of GI life insurance policies.
- Accelerate federal spending for defense projects, roads and public works.
- Grant tax incentives for spending on new plant and equipment.
- Stimulate housing construction by lowering interest rates on FHA mortgages and pouring an extra \$1-billion into government purchases of mortgages on the secondary market.
- Enact substantial aid for depressed areas.

Congress is notoriously fickle. But it certainly appears now that Kennedy will get most of what he wants, even though not in the exact form of his request. He has a powerful ally in the stagnant economy, and a key roadblock has been removed through revision of the House Rules Committee.

Most of what Kennedy proposes was included in the "New Frontier" social-welfare program he outlined during the Presidential campaign. But it now takes on added importance and political glamor in the eyes of congressmen as an immediate economic stimulant.

First signs of the speedup in defense procurement will show up in the Navy's Polaris program and in missile production. Contracts for at least five Polaris submarines and nearly 100 additional missiles will be awarded by June, some nine months earlier than originally scheduled.

This speedup, along with others that may be announced at a later date, raises the distinct possibility that Kennedy will be forced to ask Congress for supplemental appropriations before fiscal 1961 ends next June 30.

As for fiscal 1962, the Kennedy Administration now plans a slower buildup in defense spending than was implied during the Presidential campaign. The outlook is for the addition of less than \$1.5-billion to Eisenhower's \$42-billion military spending request, plus a massive reshuffling of funds.

Liquidation of inventories during December continued at about the same rate as in recent months, reports the Commerce Dept. Most of the reduction again was centered in holdings of purchased materials and goods-in-process.

Book values of factory inventories declined \$350-million in December, after seasonal adjustment. This brought the reduction since midyear to \$1.4-billion, but inventories increased almost twice that much during the first half of 1960. Both the accumulation and decline were chiefly in durable goods, where book values at year-end were \$700-million over those at the end of 1959.

Sales by manufacturers declined 1% in December, again primarily in durable goods industries. New orders dropped by the same percentage, despite defense-contract increases in the aircraft and electrical machinery groups. Unfilled orders on the books of manufacturers at year-end totaled \$45.75-billion, a \$6-billion decline in the year.

Weekly Production Records

	Latest Week	Week Ago	Year Ago
Steel ingot, thous tons	1,466	1,499*	2,717
Autos, units	101,962	100,880*	181,584
Trucks, units	20,470	19,140*	34,615
Crude runs, thous bbl, daily aver	8,401	8,357	8,149
Distillate fuel oil, thous bbl	15,001	14,819	13,570
Residual fuel oil, thous bbl	6,676	6,306	6,884
Gasoline, thous bbl	29,480	28,902	28,570
Petroleum refineries operating rate, %	84.7	84.3	83.8
Container board, tons	155,399	154,267	168,931
Boxboard tons	102,316	101,595	102,391
Paper operating rate, %	88.0	90.4*	96.9
Lumber, thous of board ft	200,029	177,731	245,794
Bituminous coal, daily aver thous tons	1,180	1,304*	1,442
Electric power, million kilowatt hours	15,361	14,817	14,313
Eng const awards, mil \$ Eng News-Rec	346.4	269.2	377.4

* Revised

U.S. Urged to Stabilize Nonferrous Metal Prices

Washington — Congressional friends of the nonferrous metals industry called for action last week to bolster price-shaky producers of copper, lead, and zinc.

• Senate Majority Leader Mike Mansfield (D-Mont.) combined a proposal for a "cartelization of sorts" with an urgent recommendation to President Kennedy to call an international conference to stabilize world copper prices.

• Rep. Wayne N. Aspinall (D-Colo.), chairman of the

House Interior Committee, introduced a bill to support zinc-lead prices through subsidies for domestic producers and to impose increased tariffs or imports.

At about the same time that Sen. Estes Kefauver (D-Tenn.) was denouncing international cartel arrangements, Mansfield was announcing that "in view of world conditions, the only way to face up to the ups and downs which prevail in the copper industry is a cartelization of sorts, under careful supervision, agreed to and supported by the copper-

producing nations of the world." Mansfield said he believed Kennedy should take the initiative and call an international parley on copper to work out ways to stabilize the industry so that "steady production on an agreed-to, year-round basis can be maintained and firm prices achieved."

The Montana senator noted he had been opposed in the past to cartels but now has concluded that "in special situations they can perform a good, strong, and worthwhile industrial use."

Copper Cut 10%

He pointed out that copper production has been cut 10% within the past few weeks and its price dropped below 30¢/lb. Mansfield complained that these factors had caused layoffs of large numbers of miners throughout Montana and other Western States.

Mansfield admitted that if "anything along this line (cartels) were attempted, it would very possibly conflict with antitrust

Antitrust Veteran Slated for FTC Post As Kennedy Looks Askance at Prices

(Continued from page 1)
for legislation and other measures to aid price-pressured copper, lead, and zinc producers (see story, above).

Even before the Kennedy Administration began dropping mid-week hints it was ready to turn direction of the FTC over to Dixon, the FTC revealed it was conducting investigations in the steel and cement industries to see if companies are violating old orders requiring them to stop fixing schemes. Outgoing FTC chairman Kintner said commission staffers right now are analyzing data gathered in these investigations.

Eyes Chemical Mergers

In addition, said Kintner, FTC has an eye on mergers in the chemical industry where several transactions are under "active consideration." And he noted that merger activity in chemicals is "exceeded only by that found in the nonelectrical machinery and food products industries." He also said the commission is directing serious attention to an apparent "concentration trend" in the building materials industry.

Even though FTC is about to get a new chairman, there is little likelihood there will be any shift in commission policy toward investigations into major industries such as those. In fact, Dixon, an old-fashioned trust-buster, would be more likely—if he is appointed—to step up efforts in the direction of the FTC work outlined by Kintner.

Dixon's Beliefs

Dixon's conduct of the Kefauver investigations offers a good clue on how he'd operate at FTC. He believes the FTC should play a more active role in major antitrust prosecutions. Such traditional FTC statutes as Robinson-Patman Act are old favorites of Democratic trust-busters, and there is no reason to believe the commission will slacken attacks on predatory pricing practices (see PW, Jan. 16, p. 1).

Far from a stranger to the FTC, Dixon—from 1938 until 1957, with three years out for war service—was an FTC trial attorney and helped prepare such landmark FTC cases as the attacks on the "basing point" pricing systems in steel and cement.

Kefauver's announcement concerning industrial pricing means

his Senate subcommittee will move to have a part in the fight to reverse the outflow of gold from the United States and improve the nation's balance of payments.

In a report outlining his committee's plans, Kefauver made it clear he believes American producers have priced themselves out of world markets. He notes that higher U.S. wage rates are one reason, but also says there could be other explanations which his subcommittee intends to investigate.

One contributing cause, says Kefauver, "might be the existence of international cartel arrangements" under which American producers agree to stay out of foreign markets in return for foreign manufacturers keeping goods off American markets. Another possible cause, says Kefauver, might be "traceable" to large holdings in foreign firms by American counterparts.

Another Explanation

Still another explanation, he said, "could be the adoption by many large firms in concentrated industries of a 'target rate of return' pricing policy." Under such a system, Kefauver said, a company sets prices to reach a specified profit level at a relatively low operating level. Under this system, he said, "once the target rate has been obtained, through sales to the protected domestic market, there is little incentive for management to try to secure additional sales, either domestic or foreign."

Slight Flurry in Demand Lifts Chicago Price Of Old Corrugated Boxes

Chicago—P.A.'s in the Chicago area are finding that they can get more than \$13/ton for old corrugated boxes by looking around.

The \$13 figure is the low in a range that changes occasionally. Last week, for example, the range spread from \$13-\$14/ton to \$13-\$16/ton.

"We're paying \$14/ton for mixed loads (containing varying grades) and \$16/ton for straight loads," said a spokesman for Chicago's pioneer stock Co.

Waste paper people believe the increase in range was a temporary movement brought on by a slight demand flurry from mills who are short on inventory.

What Price Copper?

Would U.S. copper producers go along with the idea of an international cartel? In a recent interview with *Purchasing Week* (see PW, Jan. 2, p. 8), Simon D. Strauss, vice president of American Smelting and Refining, pointed out that even if one price were agreed upon, the whole picture could be upset by unforeseeable factors such as competition from other materials and technological innovations. In the final analysis, he said "supply and demand—annoying as they can be at times—are the best determinants of copper prices."

laws". Although he did not say it, he left the impression that any cartel arrangements would have to be given a Congressional sanction.

In urging passage of his lead-zinc bill, Colorado's Aspinall said his legislation would help restore the industry to a sound stable condition and promote a reasonable balance between foreign and domestic supplies of lead and zinc ores, concentrates and metals.

Limited Payments

The subsidy payment would be limited to sales of new production of domestic ores and concentrates up to 2,000 tons of lead and 2,000 tons of zinc in any 12-month period. Payment would be based on the difference between 16¢/lb. for each metal and the actual market price.

The new tariff would be: a permanent import tax of 2¢/lb. on lead and zinc metal and 1.4¢/lb. on ores and concentrates; and a removable import tax of the same amount on both metals which would be applied if the domestic market price of either metal goes below 13½¢/lb., and removed when the market price rises above 14½¢/lb.

A third feature of the bill is provision of a compensatory tax on the lead and zinc content of imported manufactured goods of 2¢/lb. in addition to present levies.

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National Distillers-Bridgeport Brass to Merge

New York — National Distillers & Chemical Corp., already expanded far beyond its original basic interest in liquors, has worked out a merger agreement with Bridgeport Brass Co.

Under terms of proposal approved by directors of both corporations for submission to stockholders, Bridgeport would become a division of National Distillers, which operates or has a controlling interest in 34 plants in the production of metals, plastics, industrial chemicals, and fertilizers.

Bridgeport with 12 plants, is a leading manufacturer of brass, copper, and bronze mill products, rolled, forged and extruded aluminum products, as well as various household and industrial goods and special metals.

Planned Since 1959

The two companies have been working on details of the proposed merger since 1959 through Reactive Metals, Inc., which makes such metals as zirconium, titanium, hafnium, tantalum, and columbium. While under the

management and supervision of Bridgeport, Reactive is a jointly owned enterprise of National Distillers and Sharon Steel Corp.

Bridgeport also recently expanded its activities with the purchase of over 90% of the common stock of Seymour Manufacturing Co., Seymour, Conn. The acquisition enables Bridgeport to enter new areas of the non-ferrous industry, including the production of special phosphor bronze and nickel silver alloys, nickel anodes and bright nickel solutions.

Newly Appointed ICC Commissioner To Call on Purchasing Background

Columbus, O.—The Kennedy Administration's nomination of Ohio Commerce Director John W. Bush to the Interstate Commerce Commission will give that key regulatory agency a commissioner with a broad knowledge of purchasing and its cost problems.

Bush, who was scheduled to appear before the Senate Interstate Commerce Committee last week, held the post of Ohio State Purchasing Director from 1949

to 1957. And he believes his eight years in that procurement post will enable him "to judge people and issues fairly" in the federal job.

"I learned at that time," Bush told a PW reporter, "to resist pressures, arrive at sound decisions and stick to them firmly."

Bush, who was president of the National Assn. of State Purchasing Officials in 1954, has had a



J. W. BUSH

wide background in freight matters, and as Ohio's commerce chief, in regulatory problems. While the Ohio Commerce Dept. does not actually take a hand in regulating carriers, it supervises agencies regulating banks, securities, real estate and related activities.

Good Broken Field Runner

The 51-year-old Ohioan also has an uncommon ability to impress and get along well in divided politics. A case in point: He has held responsible posts under both factions of Ohio's oft-times divided Democrats, the upstate and downstate groups.

Bush served as state purchasing agent under Gov. (now U.S. Sen.) Frank Lausche. As director of the Commerce Dept., he has reported to Gov. Michael Di Salle. He has been a state cabinet official longer than any other man in his state's history.

In private business, Bush has had long experience in the accounting and tax fields, founding an accounting firm in 1946 and establishing a tax consultant firm in 1957.

Philadelphia Joins Fight Over Rail Port Tariffs

Philadelphia — Philadelphia entered the scrap over rail port rates last week. The Delaware River Port Authority ordered its counsel to intervene in the pending Boston court case in which two northern railroads and the Port of Massachusetts will seek to set aside an ICC order freezing rate differentials between North and South Atlantic ports.

Philadelphia, northernmost of the Southern ports which are allowed a lower rail rate than Northern ports on import-export shipments into the Midwest, will oppose the lowered rates asked by Northern railroads and port authorities.

Observers are predicting that the rate differential case will ultimately reach the U. S. Supreme Court.



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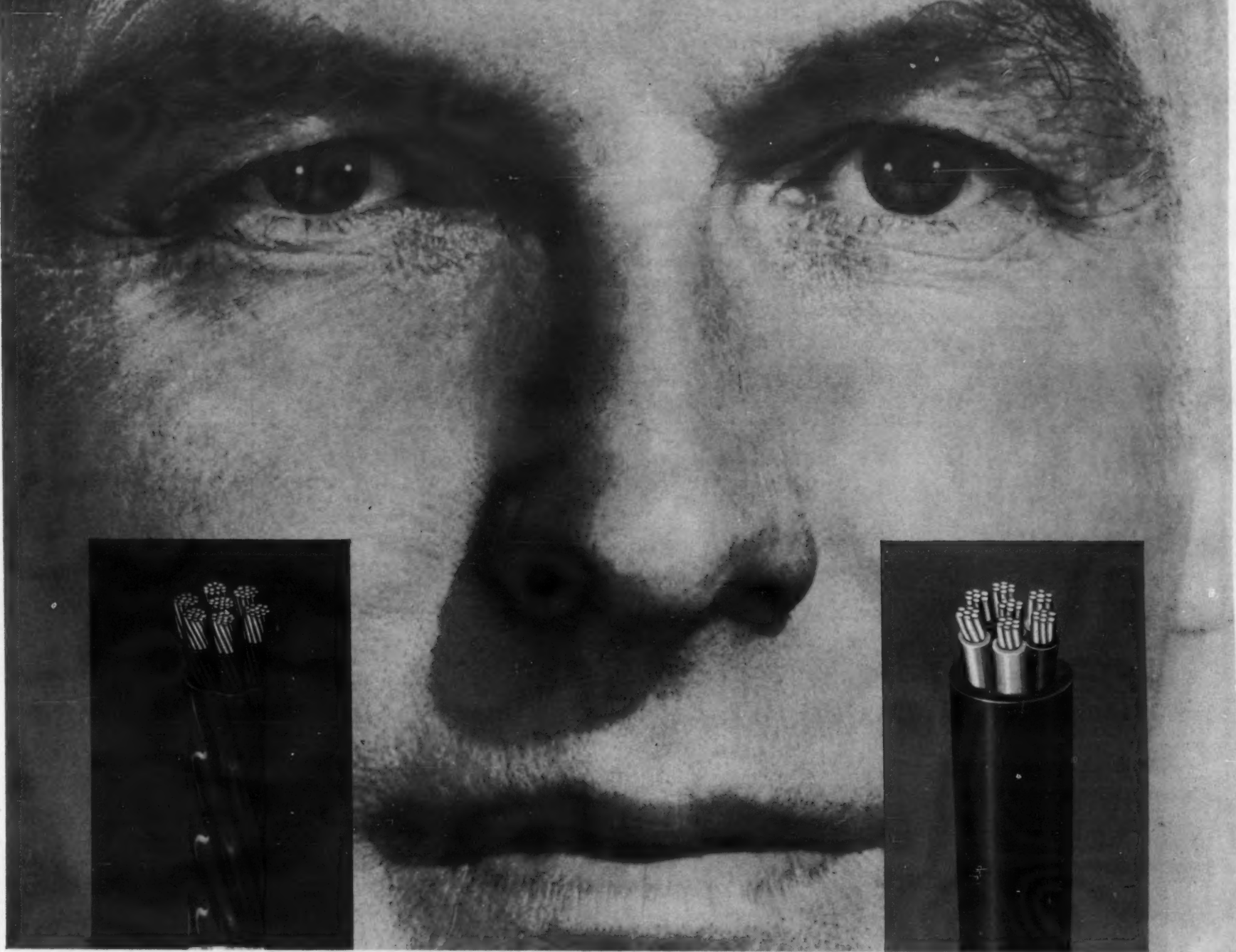
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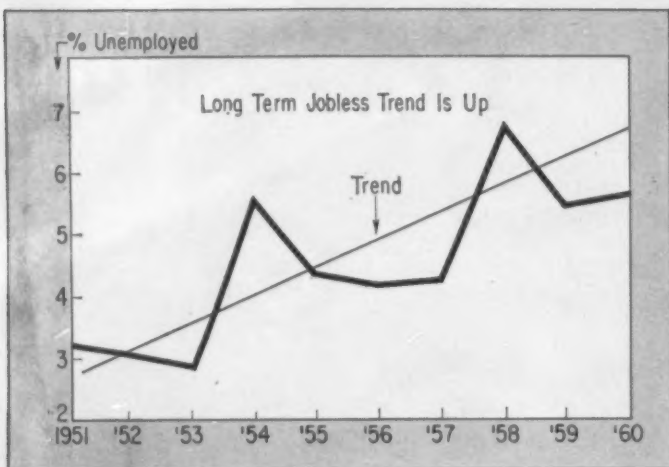
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Economists See No Quick Reversal

New York—Most business leaders and economists aren't expecting any miracles from the new Kennedy program to reduce unemployment. Their feeling is that there are just too many negative forces at work to allow for any quick easy reversal of the jobless uptrend.

As the chief economist for one of the big New York financial institutions told **PURCHASING WEEK**: "The swing toward higher and higher unemployment is nothing sudden. It has

been in the works a decade. It's going to mean a lot of blood and sweat—and will probably take a year or longer—to reverse the trend and bring unemployment down to mid-'50 levels."

The accompanying chart (left) backs up his contention about the long-term rise in the jobless rate. During the 1952-53 boom, unemployment ran just under 3% of the labor force. In the 1956-57 boom the rate rose to somewhere around the 4% level. And in the recent

1959-60 prosperity period, it averaged out at over 5%.

While there are sharp differences among business, labor and government economists on how to deal with this problem, they all agree as to the causes. Actually four basic forces are cited by these experts:

- Sharp productivity rises ushered in by the new wave of automated equipment.

- A slowdown in the rate of general economic growth over the past decade.

- Greater-than-normal increases in the work force stemming from the higher birth rate of the early 1940's.

- A stepup in industry migration which has led to the growth of "pockets of unemployment."

One well-known business economist, Joseph Livingston, thinks that sharply rising productivity has played a significant role in bringing this unemployment problem to a head. And the figures bear him out: A manufacturing worker today can turn out more than 25% more goods than a decade ago.

Stated in terms of an annual rise in productivity this gain comes out close to 3%. That's well above the prewar average and reflects the tremendous growth in automated equipment over the past few years.

The chart on the right dramatizes this amazing growth in productivity—showing the declining number of workers needed to produce a constant volume of goods. In 1952, for example, it took 192,000 workers to account for one unit of the Federal Reserve Board's industrial production index. Today 150,000 can do the same job.

But rising productivity is a problem only because industrial production has been growing at a slower than 3% rate. The 2% rate of increase in output over the past few years (see chart) means that workers are being displaced at a faster clip than new jobs are being created.

Productivity a Weapon

Dr. Lazar Teper, a prominent labor economist, sees the raising of production as the major weapon in the war against unemployment.

Comments Dr. Teper, "The chief challenge to the present Administration is to help bring recovery and to accelerate the rate of national economic growth to prevent the unemployment situation from deteriorating further. In view of the coming increase in the labor force, we would need to attain a 12% to 13% increase in our national product over the next two years to get back to an even keel of about 4% unemployment.

"To maintain this level—and perhaps reduce it slightly—we'll need a national growth rate of 4½%-5% a year as compared to our recent average growth of 2½% a year. This will take some time, or some doing."

Further complicating the issue is the influx of new workers into the labor market. In 1956-'57-'58, only about 500,000 youngsters were leaving school—looking for their first jobs. In 1959, this figure rose to 1-million. And in 1960 it hit 1.2-million.

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Of Unemployment Trend

lation figures, it seems likely that this figure will continue to grow. The huge postwar baby crop, maturing in the early 60's, should make for an average 1.5-million addition to the labor force over the next few years, according to the Census Bureau.

The absorption of all these additional workers into the labor force requires maintenance of the rate of growth noted by Dr. Teper (4½%-5%) for a long time to come. The chief economist of one of the big industrial corporations thinks, for example, "a close to 5% rate of growth will be needed over the entire coming decade."

Migration Is Factor

Another factor contributing to unemployment is the combination of industrial migration (e.g., textile mills moving from New England to the South) and the decline of certain industries—coal mining for example.

These developments have tended to create "pockets of unemployment." According to McGraw-Hill's Dept. of Economics, they now cover "the coal mining areas of West Virginia and Pennsylvania, the textile centers of New England, aircraft manufacturing on the West Coast and, more recently, the steel districts of Pennsylvania and Ohio."

According to an economist for one of New York's leading banks, this tendency toward pockets of unemployment makes the jobless problem that much harder to lick.

He notes, "It's a case where you can't eliminate joblessness by improving the general economy—because a boom generally passes over depressed areas. Instead you have to take specific action in specific areas—and that always creates complications."

This economist notes an added difficulty stemming from the fact that unemployment has not affected all types of workers equally. This again tends to create complications as far as channelling the aid to the neediest groups.

A look at the latest figures, for example, show these types have been hardest hit:

• **Youngsters** — The "under-25" age category now accounts for one-third of the unemployment total—despite the fact that this group has only 17% of all workers. Moreover, the jobless rate is double among those who did not graduate from high school—indicating that training is a "must" in today's competitive labor market.

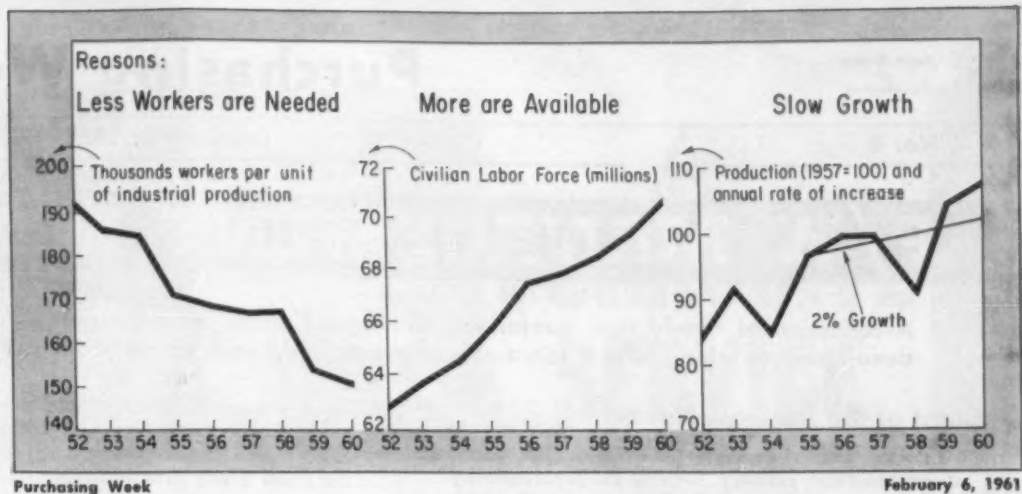
• **Unskilled factory workers** — Almost 40% of the jobless are in the unskilled or semiskilled categories—a further indication of the swing toward automation with its requirements of higher technical skills.

• **Oldsters** — Here the problem is that—once having lost a job—the older person cannot find another one. Thus, about 38% of unemployed workers in the 45-64 age category have been out of work for 15 weeks or more—well above the percentage noted for other age groups.

• **Negroes** — Partly because of lack of skill and partly because of discrimination, one out of every five persons unemployed is a Negro.

Business writer Sylvia Porter is particularly disturbed by the selectivity of the jobless picture.

Comments Miss Porter: "The brutal truth is that the problems of unemployment among our young and unskilled workers, our older people, our Negroes, are fundamental, and will not be solved by a strong business rise, a major depressed areas bill, extension of unemployment benefits, a surplus food program, etc."



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P/W MANAGEMENT MEMOS

A collection of timely tips, quotations, and inside slants on management and industrial developments, along with a run-down of events and trends of use to the purchasing agent.

Twilight of the Business Novel

It's no longer possible to write major novels about American industry, because the contemporary scene lacks the dynamic ingredients out of which such first-rate novelists as Upton Sinclair and Theodore Dreiser fashioned their most powerful works.

That's the thesis advanced by Robert Hays, of the Southern Technical Institute, in an article appearing in *Advanced Management* magazine. What has happened, according to Prof. Hays, is that the growth of giant corporations (together with their corollaries, absentee ownership and government regulation) has favored the rise of a new breed of industrialist "whose opportunities for evil are more circumscribed" than were those of the robber barons who were the protagonists of the novels of the muckraking era.

The change, although socially beneficial, has created a kind of vacuum, as far as novels about business are concerned. It can be filled (if at all) only by novelists who are content to write in a minor key about such relatively pallid themes as conflict of interest or the struggles of an executive to master the "group-dynamics operations" of the corporation itself.

Writers of this school, says Hays, must forego the temptation to invent towering figures with tragic flaws, such as dominated the works of their predecessors—for to do so would be to distort reality and thus deprive their work of any true value as literature.

Be Prepared

Managers who are new on the job often perform like actors thrust onto the stage without rehearsal, says Robert B. Bott, Director of Training and Development for Dow-Corning Corp. They have to learn their roles as they go along—and the result can be quite costly.

To prepare a man for many of the situations he may come

up against when he steps into the star role of manager, Bott suggests companies set up training programs that concentrate more on the practical aspects of management than on the usual windy generalities.

One of the most effective tools, says Bott, is the realistic training situation, which puts the trainee into the manager's shoes to make quick, on-the-spot decisions. This case method, Bott notes, can be used as a training device at every level of the organization to prepare men for the next higher job. When the great day arrives, the trainee can make the transition with a minimum of pain and suffering—and may even perform as though he were a seasoned hand at the job, according to Bott.

Date for Doomsday

The notion that Doomsday has a definite date, once a firm article of belief of some religious sects, has crept into the thinking of the scientific community. Heinz von Forster, a physicist and professor of Electrical Engineering at the University of Illinois, calculates that the end will come on Friday the Thirteenth in November, 2026 A.D. On that date, according to von Forster, in a recent article in "Science", the population will have expanded so far as to approach infinity and thus will automatically annihilate itself.

A Day to Remember

Another unhappy reminder that the April 15 deadline for income tax payments is not too far off is the appearance of the 1961 edition of "Your Federal Income Tax," a 144-page booklet packed with information to help you fill out your form—or second guess your accountant. Included in this edition is a sample return (completely filled in) which is keyed to explanations in the text. To get a copy send 40¢ to Supt. of Documents, Dept. T, Govt. Printing Office, Washington 25, D. C.

PURCHASING PARADE

Personal glimpses of P.A.'s as they march by in the news



Not to be overlooked in the excitement of a new Administration is that some P.A. personalities had their day in the limelight, too:

• **William E. Stevenson** (above), Minnesota's new **Commissioner of Administration**, is a past president of the National Association of State Purchasing Officials and active in the Twin-City Assn. of P.A.'s. He served as procurement officer for the Minnesota National Guard during his term of active duty in 1940 (and met his future wife, Alice, whom he hired to work in the Adjutant General's office). After the war, Stevenson became Assistant Purchasing Director for Minnesota, Director of Procurement and Services for the State of Oregon, and Asst. Administration Commissioner for Minnesota.

Stevenson is a great enthusiast of Minnesota football, golf (seen here with his favorite putter), family activities, charcoal cooking, and electric trains. A native of Minneapolis and one-time high school football tackle, he's never lost his interest in the game, and says he's seen most of the University of Minnesota home games during the last 20 years.

At home you can find Stevenson tinkering with toy trains in his basement with his two children—Sally and Sean—practicing putts, or trimming his acre and a third of lawn from time to time.

• The North Texas border town of Denison—better known as the birthplace of Mr. Eisenhower—recently got the announcement that one of its newer citizens from Yankee-land is going to run for City Council.

He's **Hubert F. Lloyd** (right), **Purchasing Agent for Johns-Manville** (Fort Worth), a native of New Jersey, who announced he would be a candidate for the City Council in the April 4 municipal election.

Lloyd stressed that he was running as an independent without any organized backing and expressed a special interest in the viewpoint of residential area taxpayers "who make up an overwhelming part of the population and who have no organization to speak for them."

A graduate of Marietta College and a Navy veteran of World War II, Lloyd is the father of six (including twin daughters born eight months ago) and



an active member of the Dallas Purchasing Agents Assn.

Other civic-minded P.A.'s in the news:

• **Dennis S. Day, P.A. and Business Manager for the Highland Park Independent School District** (Dallas), has received a "Chester" award from the Community Chest three years out of the four he's been a member for his work as school coordinator. Day is also active in Red Cross, Heart Fund, and other drives.

• **Vice President of the Biddle Purchasing Co. of New Jersey Fred Demarest**—also Mayor of Glen Rock, N.J.—received the official key to the City of Wilmington, Del. from its Mayor Lamot.

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The charge has been made that many salesmen are complacent and do not know enough about their product. How do you feel about this?



E. H. Schlelein, purchasing agent, Nunn Bush Shoe Co., Milwaukee:

"In my opinion 90% of the salesmen calling on us here at the shoe factory know the product they sell very thoroughly. They must not only know their products but must continually keep coming up with new ideas in order to meet the strong competition in the leather market."



A. R. Hood, purchasing agent, Keystone Portland Cement Co., Philadelphia:

"Yes, some salesmen are complacent. They may know all about their product but many times do not convey or wish to convey to others its important or good features, improvements over a similar item, etc. Many assume that each buyer knows of his products and so they talk about the weather, golf, etc. Often you wonder why the call and what does the salesman sell. You refer to his card—and sometimes even his company's name does not reveal its product."



W. H. Kuehl, purchasing agent, Nobles Engineering & Mfg. Co. (centrifugal dryers, stereo & hi-fi equip.), St. Paul:

"Such a charge must reflect on two groups of salesmen. The neophyte would be less apt to know enough about his product to satisfy the long-time P.A. and would attempt to hide this lack with enthusiasm and claims; he would not be complacent. The old-timer doubtless knows more but is likely to give the impression of complacency by inferring the P.A. has some intelligence. Courtesy calls can be confused with complacency."



R. E. Reddy, purchasing agent, Hofmann Industries, Inc. (welded steel tubing, etc.), Sinking Springs, Pa.:

"It's my personal feeling that most salesmen today cannot be categorized in this way as they were immediately after World War II. With the buyer's market that has been evident lately, I think most companies have been giving their salesmen better training and that the caliber has been improved."



H. M. Stewart, purchasing agent, Mobil Sweeper Div., Conveyor Co. (street sweepers) Los Angeles:

"I believe this is true in many areas of sales where the salesman is acting only as a representative to keep his company's name in front of purchasing. The sales representative should know his product and be able to recognize its adaptability to various applications. With a more thorough knowledge of his product, the salesman will develop a more satisfactory relationship with his own and his customer's company."

NEXT WEEK—FEB. 13

Six purchasing men answer this question:

Do you feel vendors should bear the cost of follow-up telegrams on overdue orders?

You can suggest a question to be answered in this department by writing:

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CORROSIVE SERVICE

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For many uses involving...

FILTER CLOTH • SIEVES
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If you have a tough corrosion problem and need wire cloth or wire cloth parts, here's a source of supply that knows the answers. We are proud of the quality of our cloth...accurate mesh count, close tolerance wire diameter, precision weaving...plus the know-how necessary to specify the proper alloy for your service conditions.



Write or call us today if you have a problem calling for anti-corrosive wire cloth or wire cloth parts. Send for Bulletin F-C.

Newark Wire Cloth

COMPANY

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Foreign Perspective

FEBRUARY 6-12

LONDON—London trade circles are showing increasing concern over the effect on export business of repeated work stoppages which have tied up the port of London. A report by London's Chamber of Commerce, based on 1,032 replies to a questionnaire on the effects of last fall's strike of tally clerks, revealed:

- Direct losses reported by some companies ran as high as \$56,000, with losses totaling \$3.6-million reported by 32 shipping firms.

- But worse than immediate losses, the report said, was the undermining of the confidence of overseas customers in "the ability of British firms to deliver on time." A number of replies

to the questionnaire said that overseas buyers have switched permanently to non-British suppliers because of delays due to one strike—a month long unofficial walkout protesting transfer of 50 workers.

The Ministry of Labor reports that British industry was hit by more strikes, particularly unofficial stoppages, in 1960 than in any year since 1957. Stoppages rose to 2,814 last year—707 more than in 1959—and affected every major industry except shipbuilding, paper, and printing, where strikes dropped slightly. Transport industry was worst hit, according to the Ministry of Labor.

At the same time, increased pay and shorter hours boosted average hourly wages by over 6.5%, steepest rise since 1957.

• • •
Caracas, Venezuela—Effect on world crude oil prices and production of the meeting of the five-member Organization of Petroleum Exporting Countries won't be known until "resolutions" are made public. The participating countries—Saudi

Arabia, Iraq, Iran, Kuwait, and Venezuela—are expected to ratify the agreements later this month.

But there's an important straw in the wind from a non-member nation, Libya, which expressed "no interest" in any world price control or curb on production. This position was made known exclusively to McGraw-Hill's *Petroleum Week* by Mohammed Asseifat, chairman of the Libyan Petroleum Commission, who also said his nation has no intention of joining the OPEC.

This stand by Libya, the newest key oil producer in North Africa, in effect aligns it with Kuwait and Iran, the two OPEC members which are opposed to proration. A united front by these three nations could upset the prorationing timetable of the OPEC countries.

• • •
Bonn—The Common Market and the Outer Seven have moved nearer to economic consolidation. These are the developments:

- Creation of a customs union as a first step toward merging the two economic blocs was urged by the influential Federation of German Industry.

- West German Economics Minister Erhard repeated his call for a bridging of the gap, backed up this time by the Council of German Chambers of Commerce and the German Federation of Private Banks.

These developments are regarded here as a meaningful prelude to Chancellor Adenauer's upcoming visits with French President De Gaulle and British Prime Minister Macmillan later this month, as well as the upcoming meeting of Common Market heads of government.

• • •
Montreal — Canadian producers began following the lead of U.S. copper producers in curtailing production in 1961.

Consolidated Mining & Smelting Co. of Canada, Ltd., said it will reduce its output of lead this year by 20% because of the glut in world markets. This is double the announced cutbacks of U.S. producers.

• • •
London—Now it's the cement industry that must defend its price-fixing practices in Britain. Although legal in some British industries, price-fixing agreements are under study by the British Restrictive Practices Court, which just wound up a lengthy probe into price pacts among transformer manufacturers. A decision has yet to be handed down.

Meanwhile, a fresh attack centers on the 11-member Cement Makers Federation. The government charged the industry was too slow to expand capacity, leading to shortages and artificially high prices.

The cement makers denied the charge, contending prices under the pact were "substantially lower" than if there were no agreement, because "wastage of competition" was avoided. Demand was being satisfied, they claimed, with existing capacity fully utilized. The hearing is expected to last six to eight weeks.



Now—A Low-Cost Way to Build Jigs & Fixtures!

PRE-MACHINED MICRON SECTIONS PUT YOUR TOOLROOM JOBS ON A PRODUCTION BASIS

Next time you need fixtures for short-run milling or drilling jobs, use Ex-Cell-O Micron Sections to produce them quickly and at low, low cost!

High tensile strength cast-iron Micron Sections give you inbuilt accuracy plus substantial savings in design and building time; you eliminate welding, cut machining time.

Simply select the desired shape and size from Ex-Cell-O Bulletin B-5914, and specify the length required; we'll deliver the sections you need—pre-machined and ready for minor detailing.

Micron Sections are available from stock by ordering through your local Representative or direct from Ex-Cell-O. Send for data sheet and price list today.

BRIEF SPECIFICATIONS

Cut to order from 25" lengths. Wall thicknesses from 3/4" to 1 1/4". Width and height from 3" x 3" to 8" x 8". Machined square and parallel within .005" per foot on all surfaces except ends and interiors of hollow shapes.



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EX-CELL-O PRECISION PRODUCTS INCLUDE: MACHINE TOOLS • GRINDING AND BORING SPINDLES • CUTTING TOOLS • RAILROAD PINS AND BUSHINGS • DRILL HSS BUSHINGS • TORQUE ACTUATORS • GAGES AND GAGING EQUIPMENT • GRANITE SURFACE PLATES • ATOMIC ENERGY EQUIPMENT • AIRCRAFT AND MISCELLANEOUS PRODUCTION PARTS • DAIRY EQUIPMENT

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CORPORATION

DETROIT 20, MICHIGAN

Alberta Oil and Gas Board to Hear New Natural Gas Pipeline Proposal

Calgary—An Alberta natural gas pipeline project will be scrutinized by the Alberta Oil and Gas Conservation Board this week, with particular emphasis on the shipment of surplus into the United States.

This is proposed by Standard Oil Co. of Indiana, which will be a partner in construction of the pipeline with Canada's Pembina Pipe Lines, Ltd., if the Board's consent is obtained.

The plan is to purchase surplus natural gas liquids from Alberta producers under a contract proposed by Tuloma Gas Products Co., Tulsa-based Standard Oil subsidiary. In addition, a Pembina subsidiary, Westalta Products Pipe Line, Ltd., pro-

poses to supply some surplus to facilities to be built on the border by Continental Oil Co.

The Tuloma purchase contract is expected to be filed with the Board at the meeting this week. Prices per barrel under the contract are reported to average: \$2.45 for pentanes; \$1.05 for propane, \$1.40 for butane. It is understood Tuloma will take 11,000 bbl of propane; 14,000 bbl of butane, and 43,000 bbl of condensate.

Remington Vetoes Production Move Abroad

New York—Remington Rand Div. of Sperry Rand Corp. decided against moving production of standard, nonelectric office typewriters from its Elmira, N. Y., plant to Europe.

The transfer, announced last September, would have shifted production of both standard and portable typewriters to plants in Scotland, France, Holland, and Italy, with the Elmira plant producing electric typewriters only.

Portables will still be manufactured abroad, and transfer

of this operation to Scotland, France and the Netherlands is just about completed.

Falling demand for standard office typewriters in the U.S. and lower labor costs abroad were behind the original decision to transfer manufacture overseas. However, three factors altered this decision, according to President Dause L. Bibby:

(1) The company did not want to add to the "growing national concern" over the gold situation and unfavorable U.S. balance of payments.

(2) Recession conditions have taken on "more serious implications" since the September decision.

(3) The U.S. market will "increasingly show a distinct preference for American-made products" as awareness of these situations grows, Bibby feels.

At the time the transfer was announced, Bibby said production of electric office machines would be expanded at the Elmira plant. This expansion has not yet begun, a company spokesman said.

Swiss Company Designs Heat-Forming Machine To Make Drinking Cups

Zurich—Hydro Chemie, Ltd., has developed a heat-forming machine capable of producing from 14,000 to 24,000 drinking cups per hour in shapes not economical for other machines.

The unit attains short cycles and high output with a cam control drive which differs from the usual electro-pneumatic and electro-hydraulic devices. Complicated shapes, such as beaded brims and turned-over edges of hot beverage cups, are produced with high precision and repeat accuracy of forming and transport movements.

Before delivery to the transport grips, the material is cut into sheets so that machine movements and delivery of material can be operated separately. Sheets are held entirely by the clamping frame, even in the forming station. This frees the forming tool to produce the complicated pieces.

Norwegians to Combat 'Ship-American' Move

Oslo—Norwegian shipowners and shipping officials are mapping a campaign against the "ship American" movement it was reported here.

They won't say yet exactly what steps they will take, but admit that counter-action probably will be launched on both official and private levels.

The Norwegians contend that protectionist movements in America and other countries will hurt the entire Free World. Among other things, they say preference for American shipping will reduce the dollar-earning capacity of other seafaring countries, thus decreasing export possibilities for American businessmen.

Benzene Plant to Be Built

Toronto—Imperial Oil, Ltd., will build a \$5-million benzene plant. Part of the plant's output will be used by Imperial, with the rest aimed at domestic and export markets.

Construction of the 30-million-gallon-a-year plant, to begin this spring at Imperial's Sarnia refinery, will be completed in the Fall.



Kaiser Aluminum Revamps Marketing Approach

Oakland, Calif.—Kaiser Aluminum & Chemical Corp. has reorganized its marketing approach for a more direct contact with major aluminum-consuming industries. Instead of concentrating sales responsibilities by products, Kaiser will assign sales responsibilities by market categories.

The company believes this approach will give more direct attention to the needs and problems of major groups of companies.

Four Departments

J. W. Watson, vice president and general sales manager, said the company's industrial sales management staff had been divided into four over-all marketing departments with specific responsibilities for building products manufacturers, industrial products customers, the can industry and distributors.

"These changes," he said, "will further increase Kaiser Aluminum's selling and service effectiveness. The new organization has been tailored to accelerate aluminum's penetration into these major market areas."

Kaiser's plan also calls for dividing the building industry and

the industrial marketing departments into specific marketing areas. Sales managers for architectural, residential products and specialty construction products will report to the building industry marketing manager.

Individual groups under the over-all industrial marketing manager are automotive, transportation and defense, appliances, equipment and durables, independent fabricators, rod, bar and wire, extrusions and forgings.

Kaiser Aluminum's field industrial sales organization remains

the same with general sales managers located in the East, in the Central states and in the West, continuing to have responsibility for the company's district and branch sales offices in their respective areas.

Under the new organization, administrative responsibility for mill products sales has been centered in an industrial product services group. This group will have responsibilities for mill liaison and production coordination, which formerly also were the responsibilities of the selling unit.



STACKER CRANE: Operator removes aluminum sheets from cantilever storage rack on Ducommun Metals & Supply Co.'s Los Angeles plant. Stacker storing system speeds order flow and virtually eliminates handling damage. Copper Brass & Sales, Inc., in Cleveland, has installed similar operation.

DIG HERE...behind the SPHINX said the ARCHAEOLOGIST

(specialist in ancient cultures)

Reynolds Opens Hot Line Making 'World's Widest' Aluminum Coils and Plate

Sheffield, Ala. — Reynolds Metals Co. has put into operation a "hot line" which is claimed to produce "the world's widest hot-rolled aluminum coils and plate."

Located at Reynolds' Alloys Plant near here, it has an annual capacity of 300,000 tons, making it the company's largest rolling and fabricating operation.

The new line can produce plate up to 165 in. wide and coils up to 115 in. wide before trimming. The coils, weighing as much as 30,000 lb. and measuring almost 7 ft. in diameter, should result in greater production efficiency for

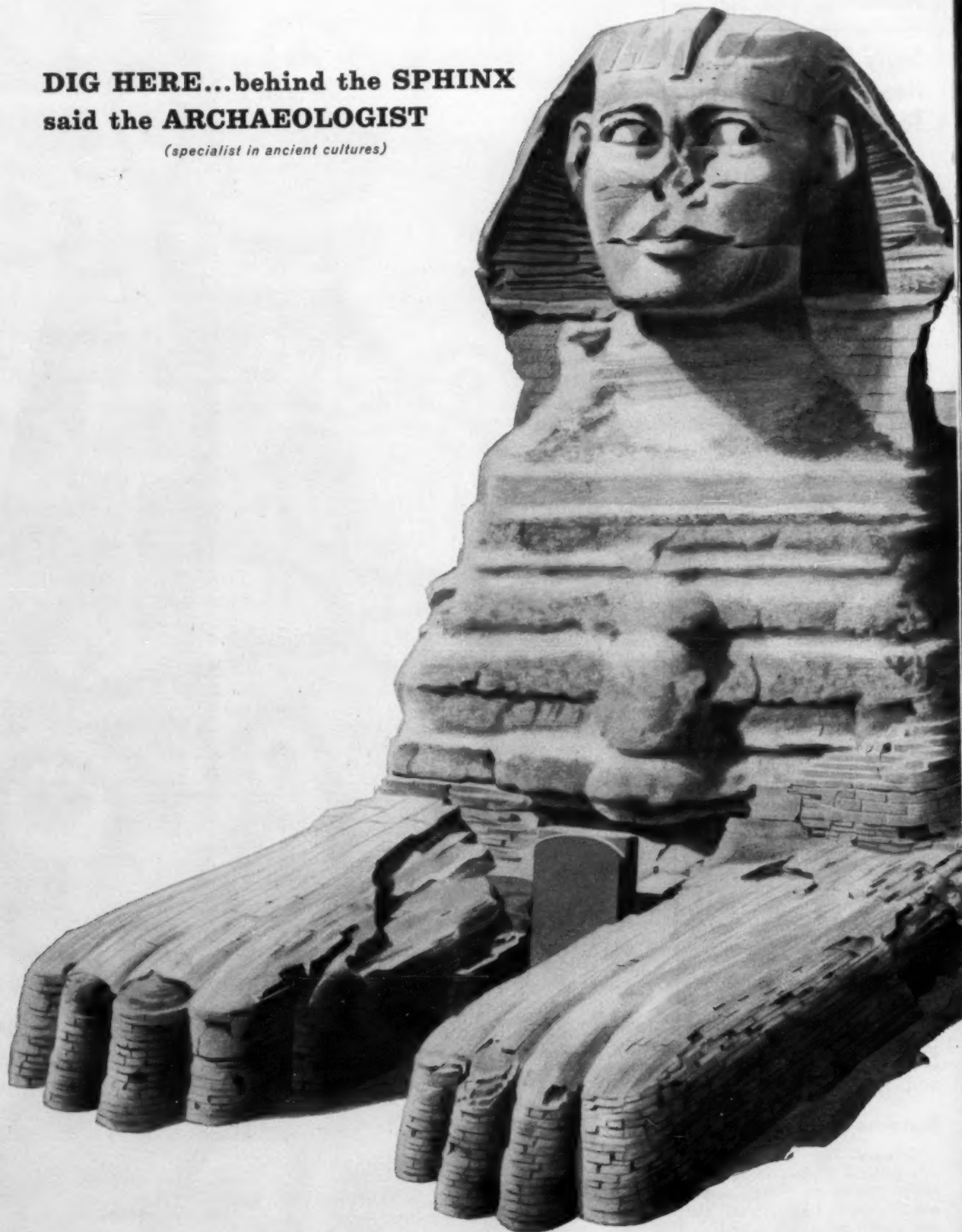


ALUMINUM COILS, 115-in. wide, dwarf H. D. Hipp, manager of Reynolds' Sheffield, Ala., plant.

large users of aluminum strip, according to company officials.

The new section at the alloys plant handles an ingot every two minutes. Aluminum sheet comes out of the last stand of rolls on the four-stand mill at better than 1,000 ft./min. The plant also has a cold mill for additional rolling of coils off the hot line.

The new line is part of a three-year expansion program now nearing completion at the plant, says G. L. Sims, general manufacturing manager for sheet products.





ST. LOUIS PRODUCTS DISPLAY SHOW: Arthur Vedder, chairman of Jan. 25-26 exhibit, chats with Jack Darrow, president, Purchasing Agents Assn. of St. Louis, in front of display judged 'most attractive' of show.



ANOTHER PRIZEWINNER: Judges (l-r) Rev. V. J. Blum, St. Louis University; Arthur Mason, Jr., Washington University, and Ted Shafers, P/W St. Louis correspondent, picked above as 'most informative' exhibit.

Alcoa Furloughs N. C. Workers As State Buys Aluminum Abroad

Charlotte, N. C.—Aluminum Co. of America layoffs and production cutbacks at its Badin, N. C., plant turned public attention last week on the fact that the state purchases 250 to 300 tons of imported aluminum annually for the manufacture of highway signs. The signs are made at industrial facilities operated by the State Prison System.

Answering criticism of the State's buying practice, W. H. White, state purchasing officer,

said his department operates under "an implied statutory requirement that we save the state money whenever possible."

North Carolina has no statutory prohibition against the purchase of foreign goods. White said he realizes "there is a factor other than price to be considered, but if all requirements are fulfilled by the lowest bidder, we feel compelled to award him the contract."

9¢ to 10¢ Lower

For several years, aluminum importers have submitted low bids for North Carolina's official aluminum needs. White told PURCHASING WEEK importers' prices ran "9¢ to 10¢/lb. lower less than domestic prices (41¢-43¢/lb. against 50¢-53¢), and we have no legal basis for not accepting their bids."

When Alcoa shut two potlines at its Badin smelting plant on Feb. 1, some 160 workers were scheduled for layoffs. Badin has a population of 1,900 of which approximately 600 are Alcoa employees.

Flip a switch...Weld AC or DC said the man from LINCOLN

(specialist in arc welding)

FROM the look on the Sphinx' face, we'd say the Archaeologist is about to hit pay dirt... and why not? Knowing where to dig is his specialty.

And, incidentally, knowing where to dig to solve welding production problems is a specialty of LINCOLN Field Engineers. And that pays off for his customers!

Take the typical problem which existed in a Pennsylvania plant producing engines and compressors. The LINCOLN Field Engineer was in the shop on an electrode application. He noticed that the operators were constantly moving from AC welders to DC welders... and then moving back again. This continual changing was required in order to use the proper electrode for each of the many types of jobs... varying from fabricated bases to pressure piping, and from short runs to production jobs.

The LINCOLN man recommended installing "IDEALARC TM" AC/DC welders which produce either AC or DC current. The operator has merely to flip a switch on the machine to change currents. The plant superintendent was skeptical, but authorized putting in two "IDEALARCS".

Results were gratifying. Immediately, management was able to schedule any type production to these machines. The operators could weld with AC—flip a switch—and in an instant be welding with DC. Both production and morale soared. Soon, five additional "IDEALARC TM's" were installed and the production problem was solved.

That's why we say it's a good idea to do business with LINCOLN where arc welding is a specialty and cost reduction comes to you as a "plus" at no charge.

THE LINCOLN ELECTRIC COMPANY

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LINCOLN
WELDERS

More Utility Districts Join Attempt to Recoup Losses From Alleged Bid Rigging

Spokane, Wash.—The Chelan County Public Utility District and the Grant County Public Utility District are joining with the State Attorney General and other public agency plaintiffs in a suit against major electrical equipment manufacturers for damages allegedly sustained due to bid rigging.

The legal action will be based on pleas of guilty or no contest entered by a number of manufacturers to charges of violating the antitrust laws. Involved are contracts amounting to about \$3.5-million on several Columbia River hydro projects.

Seattle City Light Co. also has been authorized to join in instituting damage suits. Federal officials have said the company was a victim of price fixing. It now is checking back over all purchases of heavy electrical equipment made during the past four years to learn to what extent, if at all, it was damaged.

Allied Chemical Begins Tank Transport of Acid

New York—Allied Chemical has inaugurated tank transport deliveries of hydrofluoric acid on a countrywide basis. Allied's General Chemical Div. said that aqueous hydrofluoric acid (70% Hf) and anhydrous hydrofluoric acid now can be shipped from eight points in tank transport carrying approximately 3,000 gal.

Allied and other producers until now have shipped hydrofluoric in either drums, cylinders, or tank cars. With plants at North Claymont, Del., Nitro, W. Va., and Baton Rouge, La., Allied also has five bulk stations at Pittsburgh, Chicago, Los Angeles, Buffalo, and Cleveland.



PURCHASE ORDER at Bell is written by Flexowriter operator using tape punched when bid inquiries were made. Teletype transmits copy to . . .



RECEIVING DEPT. where officials check order against shipment.

Computer Eases Grind

Fort Worth, Tex.—Bell Helicopter Co. here has taken a giant step toward computer-controlled purchasing.

It has brought in an IBM 650 that promises to halve paperwork, cut lead times by 50% and substantially reduce inventories. It does this through its tremendous "memory" of 40,000 part numbers, specifications and vendors, and its automatic accessory equipment which speeds up clerical work like writing bid requests and purchase orders.

Purchasing department use of the computer is part of the company's "total system" concept which will ultimately have the electronic data processing system in control of the entire production cycle from start to finish.

Charles R. Cooper, P.A. supervisor with responsibility for the purchasing phase of the IDP system, says his department is already reaping benefits from the 650, though the program is only a third complete.

The first step was to catalog some 40,000 items of material and establish a single, uniform coding system for identification. Each item in the plant now has a code number consolidated on magnetic memory tape.

Here's what Bell has in its tape and card files:

- **Contract Requirements** which identify each contract by project and model, work order, requirement date, dollar value, etc. to establish gross contract requirements.

- **Engineering Assembly Parts List** to show the quantity of materials parts and subassemblies going into each assembly.

- **Manufacturing Assembly Parts List** to keep records of manufacturing and assembly methods from production engineering's planning sheets.

- **Parts-Material Requirements File** to link the manufacturing assembly parts list with the two material files, also inventory file with purchase order commitments.

- **Order Location File** to control production work in progress.

- **Parts-Tool Requirements List** to relate families of tools directly to the part or parts involved.

In operation, when a contract comes in that does not require new engineering, the computer translates each order into terms of materials, parts, and subcontracting needs by date and factory station. It checks gross requirements against inventory, as well as on-order and in-process files to determine new requirements. At this point Bell runs a check to find out if the part specifications are still effective. All of this information comes from the parts and assembly list files.

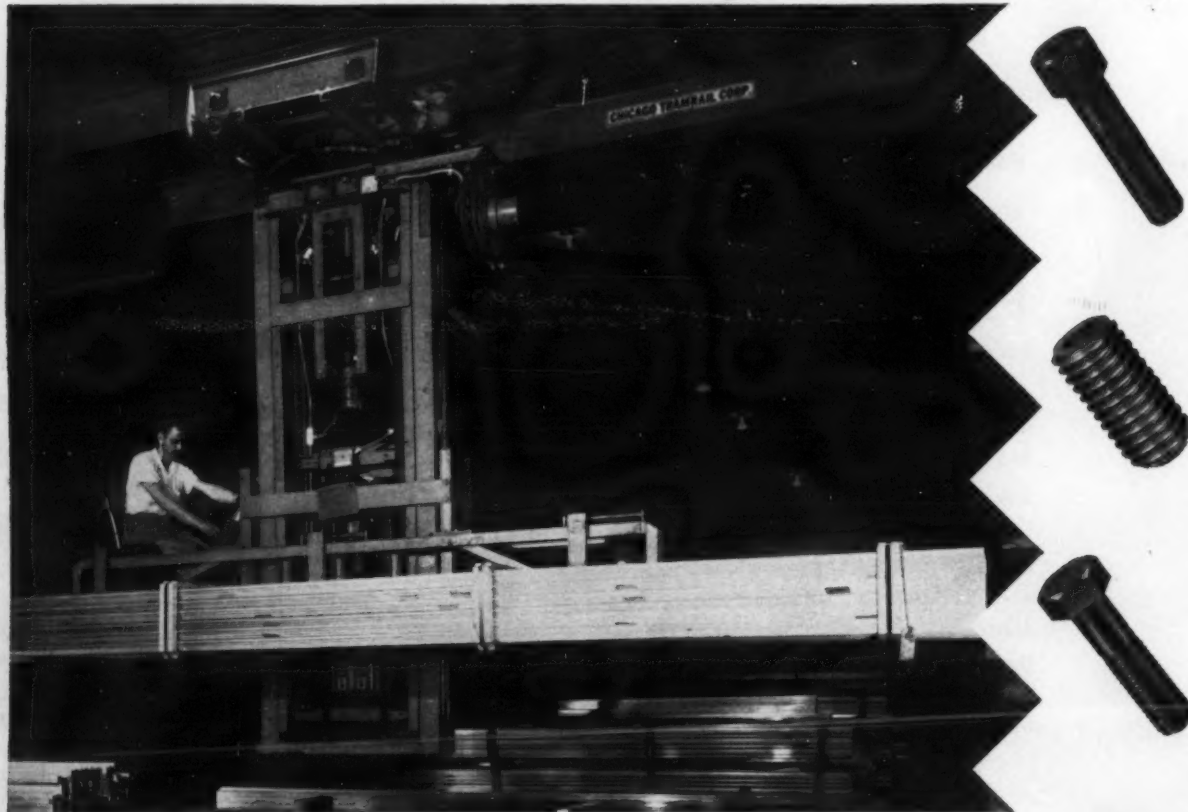
Produces Purchasing Data

From the purchase order commitment file, the 650 extracts names of previous suppliers, subcontractors, prices, etc., and produces definite historical and action data for purchasing. It lists by number the tools to be used in production of specific parts and reports the current location of them from the master tooling file.

From the historical job data file the 650 will determine the amount of time that must be scheduled for each operation in the manufacturing build up of the end product.

According to Bell, the computer has simplified the tedious, time consuming task of parts break-down and purchase order writing. When a contract comes in, data processing runs a break-down of every part needed (completed in hours instead of weeks), and the production control department writes purchase requisitions.

IT PAYS TO STANDARDIZE-ON STANSCREW



17 different Stanscrew fasteners used in Chicago Tramrail's Trak-Rak

"In constructing our complete line of cranes we make no compromise with the most rigid requirements of safety," says S. W. Fountain, Vice-President, Chicago Tramrail Corporation. "Therefore, reliability is our principle reason for standardizing on quality components such as Stanscrew fasteners."

"But Stanscrew gives us more than fast service and reliable products. Their broad line of over 5,000 fasteners offers a wide selection . . . and their fastener specialists and engineers are always ready to assist our design department in determining the strongest, safest, most econom-

ical fastener for every application. For example, in our Trak-Rak stacking crane above, 17 different Stanscrew fasteners are used . . . each selected after careful study for the precise job it has to fill."

Like Chicago Tramrail, many other industrial leaders have learned it pays to capitalize on Stanscrew's backlog of over 80 years of fastener experience. To use this accumulated knowledge in solving your particular fastener problem, just call your Stanscrew distributor. He will quickly arrange for a visit from your Stanscrew fastener specialist.



STANSCREW FASTENERS

CHICAGO | THE CHICAGO SCREW COMPANY, BELLWOOD, ILLINOIS

HMS | HARTFORD MACHINE SCREW COMPANY, HARTFORD, CONNECTICUT

WESTERN | THE WESTERN AUTOMATIC MACHINE SCREW COMPANY, ELYRIA, OHIO

STANDARD SCREW COMPANY 2701 Washington Boulevard, Bellwood, Illinois

For Purchasing at Bell Removal of 'Item Extras' on Rolled Steel Widens

tions from edge-punched cards and punched tapes.

Purchasing prepares its bid invitations on a Flexo-writer. When quotes come in, the buyer uses the tape, produced at the same time as the invitation, to write orders and make copies for all interested departments. Teletype machines transmit this order information to the data processing department and Bell's two receiving departments. Eventually, accounting will hook into this line also.

When a delivery is made, the receiving department, using the tape produced by the order, automatically sends the information to both purchasing and data processing.

"This speed in transmitting information is a tremendous advantage to purchasing," Cooper claims. "We realize a big saving in automatic typing at 100 wpm without errors."

Since installation of the computer, purchasing has been cutting down on the number of small orders by placing all items on annual-order "minimum-maximum" lists. Also, Bell is stipulating that the vendor must maintain at least 10% of an annual order in stock, so that he can deliver off the shelf if necessary.

Other Advantages

Other dividends of the IBM 650, according to Cooper:

- Buyers, relieved of the routine clerical work of ordering, will have more time for negotiation and follow-up.

- Immediate quality analysis of every vendor, including his delivery performance and percentage of rejections, is available.

- By eliminating duplication

R. C. Mahon Steel Section Ends First Phase of Plan To Replace All Equipment

Detroit—The Structural Steel Div. of R. C. Mahon Co. has completed the initial phase of a multimillion modernization program that calls for the replacement of all existing production equipment within the next five years.

Most important feature of the program so far has been the installation of a numerical positioning control drilling machine. The unit is expected to reduce the cost of drilling holes in structural steel by as much as 85% through elimination of hole pattern layout operations, use of high speed drilling and conveyor belt feeding.

The new machine also provides tolerances of up to $\pm .005$ in., compared with $\pm .125$ in. obtained with conventional methods for drilling multiple hole patterns. The increased accuracy is expected to eliminate virtually all the reaming operations now required in the final assembly of structural steel components.

In the first phase of its modernization program, Mahon also has installed a 400-ft. long paint conveyor system and has replaced manual welding equipment with high speed mechanized and submerged arc units.

orders caused from not having a standard catalog, Bell realized an inventory savings of \$500,000.

- Since production control no longer has to break down manually the list of materials needed for each new contract, order lead time after receipt of a new contract will be cut by at least a month.

Next step in the Bell total system concept will be to install a new solid state IBM 1401 data processor which it now has on order.

Pittsburgh—Removal of "item extra" charges on hot-rolled steel hit this area, and the chain reaction of the past few weeks showed promise of spreading to East Coast warehouses.

The move, which amounts to decreases averaging \$2/ton, was led off in the Pittsburgh area by Joseph T. Ryerson, following similar moves, chiefly in the Midwest, over the past few weeks. U.S. Steel Supply and other warehouses followed suit.

A spokesman for Ryerson said the Pittsburgh action became

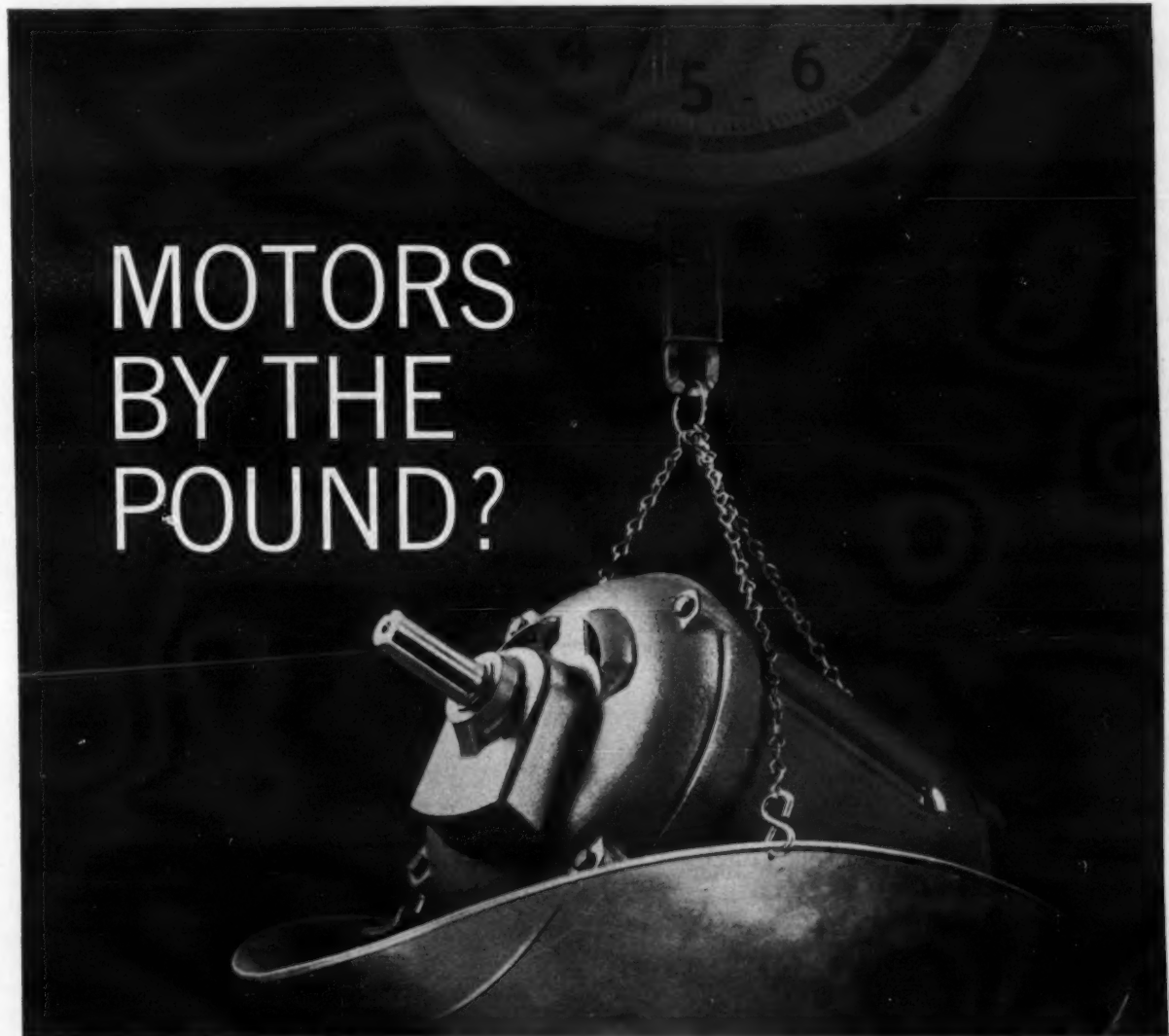
necessary when the effects of the Cleveland cut of Dec. 27 became felt in the Pittsburgh area. "Warehouses in northern Pennsylvania and Ohio supplying the Pittsburgh customers were quoting the Cleveland prices," he said, "so we had to meet them."

A spread to East Coast markets would occur in the same way, he said. For example, if Harrisburg, Pa., warehouses abolished the charges to remain competitive in the Pittsburgh area and their Philadelphia customers reaped the benefits, Ryerson

would have to remove its item charges in Philadelphia to stay competitive.

Spread from Philadelphia to New York would follow the same pattern.

A spokesman for U.S. Steel Supply said the removal of item extra charges was the "silliest and most harmful thing to hit the industry in a long time." He added, however, that the company has no choice but to authorize its warehouses to go along with the move in areas where the cuts are instituted.



MOTORS BY THE POUND?

You're buying motors by the pound when price is the only consideration

Sure, you can get a motor for the lowest price, a motor of the same type and with the same rating and operating characteristics of the highest priced motor. But, while initial price is an important factor, the actual cost is the ultimate cost of a motor. And, ultimate cost includes the repair bills, lost production, lost man hours and lost customers that an inferior, built-down-to-a-price motor could cost you.

Wagner® protected polyphase motors do cut expensive downtime. Their cast iron frames can't be affected by corrosive acids, salts, or alkalis. They are designed for cool running... stator temperatures stay low to in-

crease motor life. Wagner polyphase motors are designed to permit relubrication that adds years to motor life under severe operating conditions. Wagner motors have earned a reputation for proven dependability.

Next time you buy motors, check beyond the purchase price. Make sure that you get all the performance you need—with motors that will do the job.

Wagner motors have been getting the job done for more than 65 years. Your Wagner Sales Engineer will be glad to show you why. Call him for an analysis of your next motor application, be it for plant or product.

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WH51-3



Gen. Samuel E. Anderson

How the Air Force Procurement Arm

'We want to elevate the importance of purchasing in the company. We don't want to be a punchcard for other departments.'
—Anderson

Purchasing has a promotion coming, if Gen. Samuel E. Anderson, chief of Air Force procurement, the Air Materiel Command, has his way. His statement, quoted above in an interview with *Purchasing Week*, shows that Anderson is out to beef up the purchasing departments of major prime defense contractors. AMC spends \$9.3-billion a year on weapons, supplies and maintenance, so it is far and away the world's biggest purchasing department. And, since its purchases total one-quarter of the Defense Dept.'s 1960 budget, AMC is subject to close scrutiny by congressmen on the lookout for waste in the military. Last year, the Senate Armed Services Committee under J. Strom Thurmond said, "Most, if not all, of the procurement problems in the Dept. of Defense can be solved administratively". In 1959 waste-hunting congressmen made a 3% across-the-board cut in appropriations (\$400.4-million), and last summer's investigations by the General Accounting Office brought concrete examples of sloppy buying to the foreground.

The Air Force's 200 largest contractors spend about two-thirds of their contract dollars on purchased materials, supplies and subcontracts. Thus, Anderson has a clear stake in helping the taxpayer get more bang for his buck. "It's a case of being critical of both ourselves (AMC) and industry. We must convince both Congress and the people that we are efficient and trying to improve", says Anderson.

To check on how well contractors' purchasing departments are doing, Anderson has pushed the Purchasing System Survey, a searching inquiry into purchasing practices at over 200 major prime contractors. These con-

tractors account for 97% of the Air Force money outstanding, and all hold over \$1-million in contracts. Each contractor was evaluated by a two-man team using the standards set down, in condensed form, below. These standards were taken from Air Materiel Command Manual 703, which was prepared on the basis of recommendations from such authorities as Dr. Howard T. Lewis and Harbridge House, Boston management consultants.

Similar to Management Consultants

In part, these surveys raise points for criticism, but the recommendations of the survey teams are much like those of professional management consultants. It is for this reason, and because top management has been alerted to the need for good purchasing, they have been accepted so well. Says Anderson, "Management knows that the goal of the survey is to establish a level of competence on their part so we can do less overseeing."

Edward T. Jones, civilian administrator in charge of the program, notes: "The study is a big help to buyers. It tells them what to do for the first time and gives them a way to judge their performance. We are never out to criticize an individual, but an operation. We look for weakness in the system, try to uncover patterns and improve the organization to cure it."

Brig. Gen. R. G. Ruegg, until recently the officer in charge of the Directorate of Procurement and Production (the survey is done by his group), notes that this evaluation must be a "continuous drive" to improve over-all purchasing performance. "We can't look at every contractor purchase order, but we can look at his organization, and insure that the

ADMINISTRATION

1. Top Management Attitude Toward Purchasing

Top management must give purchasing full responsibility and authority for all purchases through a Director of Purchases reporting to the President. He must receive the direct support of top management in dealing with other departments, and participate as part of the management group. The departmental organization and personnel must be adequate to discharge these responsibilities.

2. Organization of the Department

Responsibility within the department must be clearly defined by policy statements. Buyers should be assigned specific groups of commodities to buy, thus enabling them to become specialists. They should report to departmental supervisors who, in turn, report to the Director of Purchases. Expeditors, analysts and engineers should be staff to the Director.

3. Purchasing Policy Manual

A written policy manual should be prepared under the authority of the Director of Purchases and published over the signature of the President. This statement should include broad policy outlines affecting corporate relationships, vendors, and inter-departmental relations. It should be available to all interested employees and vendors.

4. Purchasing Procedures Manual

This statement sets forth accepted methods by which purchasing policies are carried out. It may be combined with the policy manual, but the procedures manual is primarily a document for internal guidance and coordination of purchasing personnel, training, and promoting uniform methods of opera-

tion. It covers the use and flow of records, handling of orders, inventory control, receiving reports, scrap disposal, and internal and management controls.

5. Interdepartmental Relations

Purchasing must coordinate its activities with other departments for maximum efficiency. This may be done by continuous exchange of information through reports, interdepartmental liaison teams, members of the department actually stationed elsewhere, or direct personal contact. Formal systems should be established for liaison with engineering, production, accounting, legal quality control, traffic, and cost estimating.

6. Purchasing Personnel Administration

Definite qualifications must be established for purchasing personnel in education, experience and personal factors. Likewise, specifications must be established for purchasing jobs, on specific duties, authorities and responsibilities. Salary and incentive systems should be based on performance to these standards, with a regular evaluation review by supervisors and self-improvement encouraged.

7. Purchasing Training and Education

Purchasing must have an active on-the-job training program. This should include thorough grounding in the individual's job, the department, the company and the company's products. It may be accomplished through formal seminars, the policy and procedures manual, job rotation, special assignments and so forth. Outside training should include professional society membership, college classes, visits to vendors plants and reading of trade publications.

Gives a Helping Hand to Prime Contractors' P.A.'s

organization is set up to get good competitive procurement." For this reason, there are periodic, less elaborate re-surveys.

The surveys are performed by two-man teams from each of the Air Force's Contract Management Regions headquartered at Wright Patterson AFB, Ohio, at Middletown, Pa., and at Mona Loma, Calif. There are a total of 58 purchase methods analysts, all men with varied experience in pricing, production, contracting, quality control, accounting, besides special purchasing training.

"They have to have a broad background," says Jones. "They have to see how the whole purchasing problem affects the rest of the organization."

Each survey takes approximately two to three weeks to perform. The survey teams work in conjunction with the Administrative Contracting Officer (ACO), the regular on-the-scene representative of the Air Force. The teams review the purchasing operation by the criteria in AMC Manual 703, carefully going over each area of responsibility with top management, purchasing managers and buyers.

Then the teams make a statistical survey of purchase orders. According to Jones, this is a way of checking that the points covered in the qualitative survey are actually working in practice. Purchase orders are selected at random from the files, and the teams follow each one through the requisition, estimation, bidding, and contract award phases. The surveyors talk to buyers and check over their calculations, bidder lists and other records that show what kind of job purchasing is doing. Once the field survey has been completed, the results and recommendations are reviewed by a Contract Management Region Evaluation Panel. The top Air Force officers and civilians for the region make up this group. After review at this level, the ACO for this contractor submits them to management. If there are changes that must be made in the purchasing system, he sees that they are started. The evaluation teams plan to re-survey each contractor at least once a year to follow up the recommendations.

According to Jones, the surveys have uncovered both areas of weakness and some strong points. "We believe that the top management of defense industry in general still does not recognize the full significance of the pur-

chasing function, although some improvement is being made." Jones mentioned written policies and procedures, organization and staffing, and training programs as areas that have improved also, he said, "Contractors have stimulated cost reduction by more effective use of value analysis, standardization and price analysis, and vendor rating systems but these improvements have not been effected to the degree anticipated."

Some further problems that need work: sole-source buying when alternate sources were available, inadequate estimating and cost analysis systems, buyers are not checking the market for equivalent prices, and engineering dominance of the buyers.

Purchasing Needs to Gain Status

This last point has been a major block to purchasing efficiency, says Gen. Anderson. "In many companies, purchasing was so low in the organization that research and development, engineering, and production people would tell purchasing where to buy, even when competitive bids were possible. We want to raise the purchasing man to a point in the organization where they will be equals with other departments."

Often this must be done through informal contacts by Anderson and other top officers with contractors top management. Anderson also has been carrying this message to industry by the National Industrial Security Assn., (see P.W. Oct. 24, 1960 pg 1) a group of top managers and technical men from over 500 defense contractors.

AMC has also been instrumental in bringing purchasing and subcontracting problems of a highly specialized sort to industry seminars at Wright Patterson AFB. One such meeting was the AF's Industry Subcontract Management Conference which met Oct. 11-12, 1960. This brought purchasing directors and engineering personnel together under Air Force, NISA, Aerospace Industry Assn., and Electronics Industry Assn. auspices. These men formed panels of experts to discuss problems such as make or buy, source selection, pricing and contract administration from a defense industry viewpoint. Some of their recommendations are used by the purchase survey teams, and will be incorporated into the next manual.

OPERATION

1. Selection of Sources

Purchasing must constantly search for additional sources of supply through salesmen, catalogs and publications, contacts with users of the same item, and government offices such as the Armed Services and SBA. Once located, a source must be evaluated by a thorough personal survey of its management, finances, equipment, and technical capability. Then bids (usually three or more) should be solicited from qualified sources. Complex orders or large dollar amounts should be covered by written quotes, but it is uneconomical to expect this for orders of less than \$25.

2. Awarding the Contract

The Purchasing Department must buy value which includes quality, delivery, life expectancy, cost of maintenance, and storage. However, it is obligated to get a fair and reasonable price by encouraging competition, negotiating close, firm prices and providing incentives to vendors for price reductions. Detailed price analysis and learning curves should be used, particularly on sole-source purchases.

3. Make or Buy

Purchasing must participate in make-or-buy decisions through a permanent committee including production, engineering, planning and tooling representatives. It should contribute information on availability and cost of materials, market trends and conditions, cost of subcontracts, ability to meet delivery schedules, etc. There will be a maximum amount of subcontracting on government contracts.

4. Expediting

Purchasing must have a definite plan to insure the delivery of materials on specified schedules. This may be done by a

special expediting section, or by buyers themselves. As a first step, it should require order acknowledgement from vendors after orders have been placed. Afterward, purchasing should keep informed on vendors' ability to meet delivery commitments, and develop effective systems for coordinating receiving, inspection and transfer to production or stores.

5. Administration of Subcontracts

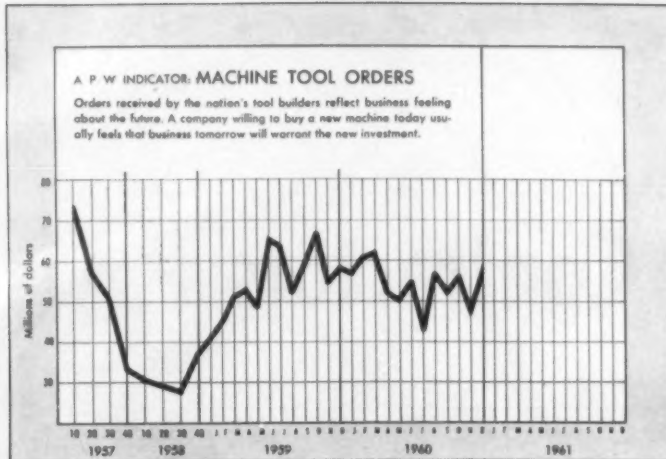
Purchasing must have a definite system for handling subcontracting, either specific assignment of duties to buyers or a special subcontracting section. This group must be trained to handle the elaborate audits of vendor material, tooling and overhead costs required under government contracts.

6. Vendor Relations

Purchasing must coordinate all contacts by company personnel with vendors by arranging appointments, salesmen's visits, materials tests, plant trips and the like. A purchasing representative should sit in on these meetings to ensure fair treatment to vendor and buyer. Purchasing should state through the policy manual the company position on ethics, relations with salesmen, and gifts.

7. Value Analysis and Standardization

Purchasing is expected to spearhead the value analysis program and to cooperate closely with engineering and manufacturing on standardization programs. Value analysis should include research activities beyond traditional value-purchased investigations; it should include work on EOQ ordering, materials research, and other procurement assistance activities. Purchasing can assist the standards group by advising whether standards are in line with industry practice, and insuring that they do not limit the standard to one-vendor items.



Machine Tool Orders Show Snappy Winter Gain

New York—New orders for machinery are showing signs of reviving after a disappointing autumn. Spearheaded by a snappy 19% rise in machine tools (see chart at left)—nearly every major category showed a gain as 1960 drew to a close.

While most experts are cheered by the new figures, they still have some reservations—and are almost unanimous in feeling that there's little chance of any big new boom developing, because most of the ordering is not for expansion—but rather

for piecemeal modernization and replacement.

Comments the sales manager of one leading machinery maker: "Only a big expansion program could set off a really big spurt—and right now overcapacity in most metalworking lines completely rules that out."

Here's how the order picture shapes up for various types of machinery:

In the machine tool area the 19% rise noted for December was in large part due to an influx of overseas orders. Thus, domes-

tic buying in the key cutting tool area showed only a 12% month-to-month gain.

McGraw-Hill's Dept. of Economics, reporting on other machinery categories, showed a similar array of modest gains. Biggest December gainer was office machinery, which chalked up an 11% jump over November levels. Engines, turbines, and construction machinery followed closely—with gains ranging from 7% to 8%.

Pumps and compressors (+3%) and mining machinery (+1%) completed the picture of rises reported by McGraw-Hill. The small 1% boost in mining equipment is really encouraging in view of recent cutbacks in the mining of iron, copper, and aluminum ores.

Even the hard-hit material handling industry has something to cheer about. Orders at last report were leveling out after four straight months of sharp drops.

U.S. Aluminum Makers Urge Tariff Commission To Keep Present Levies

Washington—The seven major domestic producers of Aluminum have urged the Tariff Commission to stand firm on present duties at this spring's meeting of the general agreement on tariffs and trade in Geneva.

Wilson Wyatt, lieutenant governor of Kentucky, spoke for the U. S. producers of primary aluminum at a one-day hearing Jan. 27. He said three points should preclude any reduction of duties: No imports are needed for defense because of a large stockpile, fabricators have large supplies on hand, and the U. S. has substantial idle capacity.

Wyatt represented Alcoa, Anaconda, Harve, Kaiser, Olin Mathieson, Revere Copper & Brass, and Reynolds. Also on hand were board chairman Frank L. Magee of Alcoa, president Charles A. Macfio of Revere and President Richard S. Reynolds of Reynolds Metals.

Aluminium, Ltd., of Canada argued for a maximum reduction in the duty on aluminum ingots, now set at 1 1/4¢/lb. Aluminium was supported by Milton J. Smith of Newton, Mass., a former president of the Aluminum Extruders Council, who said the ability to buy ingot from foreign sources was essential to fabricating companies.

Both Smith and representatives of aluminum contended that the import of crude aluminum had no injurious effect on the domestic industry. Most of the imports come from Canada, France, and Norway.

Dowgard Life Extended

Midland, Mich.—Dow Chemical Co. has announced that the suggested lifetime for a fill of Dowgard antifreeze has been raised from one to two years. Dowgard, first marketed this year sells for \$5/gal. retail.

In addition to ethylene glycol and inhibiting agents, it contains de-ionized water and therefore must completely replace any other coolant in the radiator. Average cost of installation in a fleet car is \$20-\$25.

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Professional Perspective



CONSULTANT JOHN M. OWEN, JR.
Interprets This Headline From
P/W's Jan. 16 Issue

Zinc, Copper, Stainless Changes Keep Price Pot Boiling for P.A.'s

Just about every price in the pot these days is moving downward, and there still may be further price cuts in the offing. But buyers of basic commodities and metals know this trend is likely to be reversed sometime in the middle half of 1961 if business conditions improve. So the P.A. who wants to make the most out of price cuts while they last should keep a close eye on the price history of the items he buys.

This means some real work plotting prices on charts, looking deep into the background of the industry, labor contracts, the international situation, and the like. This is the kind of analysis I performed for the Western Electric Co. as a price specialist for copper and other commodities at the Econometric Institute. Your company also may have some high-powered experts to do this work, but more often than not, the P.A. has to do it himself. So here are some tips from

my experience in copper. You can apply the same methods to aluminum, zinc, commodities, and other items that have open market pricing.

• The first thing to remember is that you are trying to guess what prices will be like the day after tomorrow. This means you are really becoming a purchasing manager—laying plans for your buying in advance. Stay ahead of the game, rather than sitting back and paying what the market demands. This approach to buying will put you in good stead with top management, and particularly the treasurer. These men always appreciate a look into the future of material prices.

• The second thing to keep in mind is that you are gambling with a very skilled opponent—the market. But you can dope out his strategies by using a lot of crystal balls right at hand, including up-to-the-minute price information such as appears regularly on page 2 of P.W.

This information can give you the makings for a "price-history" diary. If you had been keeping one for copper, this is what you would have:

1959—Copper prices advanced during an industry strike to a high of 33.9¢ per pound in December. Demand was high before and during the strike as copper users tried to stock up.

1960—Prices remained close to peak levels through April as industry stocked up for an expected boom. Supplies at first lagged behind demand, but as production recovered and the red metal moved into the pipeline in increasing quantities, prices dropped a penny or so. At the same time, the business climate worsened and producers' inventory climbed. In October of 1960, the price broke sharply from 32.5¢/lb. to 29.6¢.

1961—Further price cuts late in 1960 and early in 1961 failed to stimulate consumption. Now the price stands at 28.6¢/lb.

From this picture you can learn two things about the price dynamics of the commodity you are buying:

(1) The short run demand for copper is "inelastic"—it is unresponsive to short term reductions in price. Companies don't include more copper in their products because of a drop in price. Copper just isn't the significant item of cost in most products; labor and other materials, such as steel, loom much larger in the price the consumer pays. This short-run demand is more likely to be determined by the vagaries of the business cycle than product design and the price of the metal.

(2) In the long run, of course, low copper prices could lead designers and engineers to build more copper into tomorrow's end product. But the recession based price of 28.5¢ is anything but permanent and cannot be used as a guide for long-term decisions. On the other hand, materials such as aluminum and steel seem to have more permanently attractive prices that could encourage more use in end products. These could be called "elastic" in demand.

Now the buyer has to look at the factors that influence his suppliers: the labor situation in the industry, inventory of suppliers and customers, the presently available undeveloped resources (either unused plant or mine capacity or capacity a-building), the likelihood of substitutable products, and new uses

(Continued on page 47)

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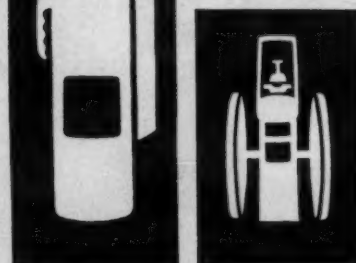
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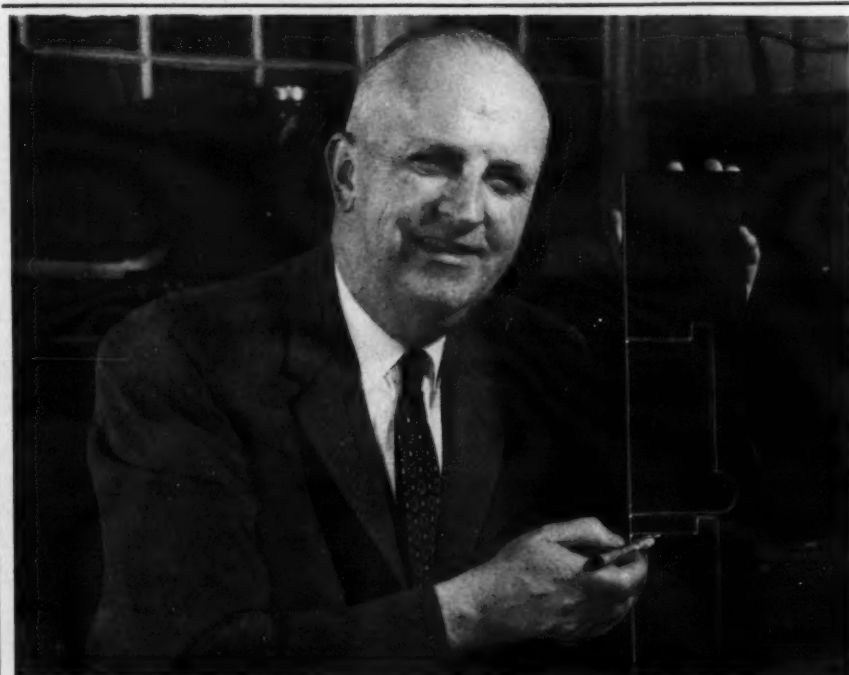
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Industry News in Brief

Goodrich Buys Rayco

Akron, Ohio—The B. F. Goodrich Co. has purchased Rayco Mfg. Co. and plans to market tires through 125 Rayco retail outlets and 17 major markets.

Rayco, the nation's largest distributor of shock absorbers, mufflers and auto seat covers, will be operated as a wholly-owned subsidiary.

Computer Center

Pittsburgh—The Westinghouse Electric Corp. has dedicated one of the largest and most advanced computer centers at its plant in East Pittsburgh. Programs already in operation include engineering design and application studies for a wide range of products from nuclear reactors and turbine generators to small motors.

Hercules Expands

Wilmington, Del.—Hercules Powder Co. has begun a multi-million-dollar expansion program at Hercules, Calif. The expansion includes new facilities for the production of methanol, formaldehyde, urea-formaldehyde, and slow nitrogen release urea. The methanol plant is the first on the West Coast.

R-C Can Enters Plastics

St. Louis—R-C Can Co. has established a plastics division. The firm will market a complete line of proprietary plastic containers as well as custom designed containers. Production has begun at R-C's Chicago plant on Snap-in lids for tub-type food containers. Prior to entering the plastics field, R-C Can specialized in making fiber containers.

SKF to Build Lab

Philadelphia—SKF Industries, Inc. is seeking a site in Radnor Township on which to build a \$2½-million research laboratory. Plans call for the structure to contain 80,000 sq. ft. and to be completed within 18 months.

Consolidated Aluminum

Memphis—Consolidated Aluminum Corp., producer of coil sheet and high purity aluminum, has acquired AIAG Metals, Inc. of New York.

With the acquisition, Consolidated became exclusive U. S. distributor for ultra-high purity gallium and aluminum produced by the process developed by the Swiss firm, Aluminum Industrie A.G.

Marketing Pact Expanded

New York—Additional types of electronic cooling system components have been added to the design, manufacturing and marketing agreement between Aero Supply Mfg. Co., Inc., and IMC Magnetics Corp.

The two companies announced that their recent agreement covering fan cooling equipment and blowers and has been extended to include heat exchangers made to military specifications.

Luscombe Named

Philadelphia—The Luscombe Engineering Co., Pasadena, has been named manufacturer's representative in California for International Resistance Co.'s Control Components Div.



C&O MAKES INSTEAD OF BUYS: Building own boxcars for the first time, Chesapeake & Ohio Railroad purchases only sides and ends from its suppliers, assembles them (above) in Raseland, Ky., Shops. Then . . .

WORKMEN RIVET ON ROOF: C&O
will make 350 cars, of which 150
will be large, 70-ton capacity.

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Gentlemen:

Today we have to get the most out of the tools we use if we are to make a profit. There is not a greater satisfaction to a manufacturer than to purchase such a tool. Time and again a salesman will come in and give me all the advantages on his product, why I should buy and how his product is the best on the market. If I have heard this once I have heard it a thousand times. This is one time I am happy to say thanks to a company who has a product that will perform as they state it will.

I imagine you have received many comments on this new product, however I want to be one to give my personal satisfaction. It is DART BLADE. I cut Ampco, Mild steels and hardened steels. I used a coolant and ran at about 175 FPM. Being a normal person that like to see what a new product will do I did not baby this blade. The results were to 4 to 1 over any other blade that I have used and at nearly the same cost of the other blade.

I wish again to say thanks for keeping me informed and always trying to improve your good products.

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Always on the alert for better ways, Banner Welder, Inc., Milwaukee, Wisconsin, tried DoALL's new *Dart* Saw Band. The results were startling—and convincing.

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IBM Sends Its P.A.'s Back to School For Refresher Course on Bargaining

San Jose, Calif.—P.A.'s at IBM's plant here recently went back to school to brush up on some of the fine points of bargaining as opposed to the technique of price bidding.

IBM management at San Jose believes that negotiation, practically a lost art in today's world of purchasing, is a must in many areas, especially where the published price no longer bears any resemblance to the market price of a product.

Implementing the Policy

To implement this new get-tough policy in purchasing, IBM launched a series of lecture-seminars on negotiation designed to orient its P.A.'s to "the trend in business away from price bidding."

Conducted by consultant Louis J. DeRose, of DeRose & Associates, New York and former chairman of the Dept. of Management at Fordham University, the lecture took 40 IBM employees through four consecutive half-day sessions of rapid-fire lecturing. Thirty-five students were purchasing managers, buyers, assistant buyers, and expeditors at the company's Development Engineering and Advanced System Development groups. The others were manufacturing engineering specialists who normally work close to purchasing.

DeRose sounded the keynote of the lectures when he explained, "Many of our purchasing concepts are based on an era that has ceased to be. The assumption that the lowest bid is always the best bid assumes that everything else is equal. This is rarely the fact."

He told the group that the more volatile the nature of a business, the more valuable the negotiation-minded purchasing agent should be. In fact, he noted, some companies in sophisticated product areas have stricken the word "bid" from their official vocabularies and have eliminated standard bid forms.

The consultant pointed out that with negotiation allowed in extraordinary cases, more than 80% of all government contracts in the missile program are considered sufficiently extraordinary to be counted as exceptions to the sealed-bid requirement. "You just can't build a missile system with bids," said DeRose.

As for the "bad name" hung on negotiation because of occasional misapplications and scandal, he said, "Don't deprive yourselves of a good tool merely because of a stigma attached to the name."

Where Negotiation Is Needed

DeRose pointed out that although the greatest number of purchases will not be subject to negotiation, the greatest dollar value of purchases will. Here's where the technique is virtually a must, according to the instructor:

- **Where engineering on the item is not complete.** Many vendors will bid unusually low on an item, but will work an engineering-change clause into the contract. "By the time the item is fully costed out, you will be paying far more than you thought,

because of all those engineering changes. It's an insidious practice," he warned.

- **Where the vendor must make a high initial investment** in order to be capable of filling the order. The vendor's declared tooling cost must be watched carefully lest an artificially low figure be made up in other ways.

- **Where the cost of the item is high in itself.** "You'd be surprised how many things are nego-

(Continued on page 27)



IN THE CLASSROOM: Consultant Louis J. DeRose gives rapid-fire lecture on principles of negotiation.



P.A. STUDENTS LISTEN INTENTLY: Afterward, they discuss session and add up the results of refresher.



"I need that shipment tonight! Send it United jet freight."

When you need a shipment in a hurry . . . specify United Air Lines jet freight. United jets can span the nation in less than five hours . . . providing same-day delivery to Main Line cities coast to coast.

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In addition to carrying freight on every passenger flight, United also serves you with a fleet of fast DC-7 Cargoliners. This total airlift is one reason United is your best choice for fast, dependable delivery of urgently needed shipments. Another: United follows through with your shipment from the moment space is reserved until it's delivered to you.

Next time you need delivery in a hurry . . . have the shipment sent United air freight.



Profitable Reading for P.A.'s ...

New Books

Engineering and Technical Conventions, 1961 Edition. Prepared by Deutsch & Shea, Inc. Published by Industrial Relations News, 230 W. 41st St., New York 36, N. Y., 42 pages. Price: \$4.00.

This publication is a comprehensive advance listing of engineering and technical meetings and conferences held in the U. S.

Which of these conventions should representatives from your company attend? How can you plan attendance sufficiently far in advance to avoid disrupting company activity? With what subjects will they deal? This book provides answers to these and many other questions about meetings scheduled for the forthcoming year, plus advance listings through 1965.

This treatise includes three cross-reference indexes by subject, sponsoring organizations, and locations. Subscribers will receive a fall supplement on meetings held in latter part of 1961 for which information is not yet firm.

The Spenders, by Stuart Henderson Britt. Published by McGraw-Hill Publishing Co., 330 W. 42nd St., New York 36, N. Y., 296 pages. Price: \$4.95.

Considered by the author to be an answer to Vance Packard's "The Waste Makers", this penetrating book demonstrates why American business is the consumer's servant. The author analyzes the consumer's actions, desires, and needs, and comes up with some surprising insights about why consumers buy the products they do, what brand images and packaging mean to the consumer, how advertising helps the consumer, and how prices affect buying.

Dr. Britt also points out that in spite of our dilemma as consumers, we are actually doing an excellent job of shopping efficiently. The author states that a good deal of this is because of the effectiveness of advertising, one of the most powerful forces in our economy.

From the Manufacturers

Corrosion-Resistant Clamps

Gives information on company's complete line of corrosion-resistant laboratory clamps, supports and holders. Includes price data. Bulletin FS-228 (16 pages). Public Relations Dept., Fisher Scientific Co., 717 Forbes Ave., Pittsburgh 19, Pa.

Tool Steel Identifier

Identifies over 600 brand names of tool steels. Identifier (6 in. x 12 in.) gives brand name, producer, AISI number and company's equivalent brand. Reverse side gives complete AISI tool steel type classification table. Universal-Cyclops Steel Corp., Bridgeville, Pa.

Industrial Equipment

Gives data on company's line of industrial equipment, including

description and price. Equipment includes tool stands, small parts cabinets, lockers, wire partitions, personal safety equipment, and more. Catalog MM (56 pages). Standard Equipment Div., American Pressed Steel Corp., 175 Fulton St., Brooklyn 8, N.Y.

Pump Selector

Pocket-sized selector, designed for fast pump selection, includes a friction-loss estimator on reverse side. Estimator provides for accurate calculation of friction

loss in a system to determine the total required head. Worthington Corp., Standard Products Acc't., Advertising and Sls. Prom. Dept., Harrison, N. J.

Flexible Hoses

Gives information on company's line of flexible hoses, including selection, price and installation data. Also discusses accessories and ordering information. Bulletin 605 (11 pages). Flexaust Co., 100 Park Ave., New York 17, N. Y.

Industrial Power Tools

Describes company's line of industrial power tools and accessories including drill presses, grinders, metal and wood cutting lathes, band and radial saws, etc. Contains complete specifications, catalog listings and illustrations. Catalog AB-60-2 (92 pages). Rockwell Mfg. Co., Delta Power Tool Div., 483 N. Lexington Ave., Pittsburgh 8, Pa.

Personal Aids

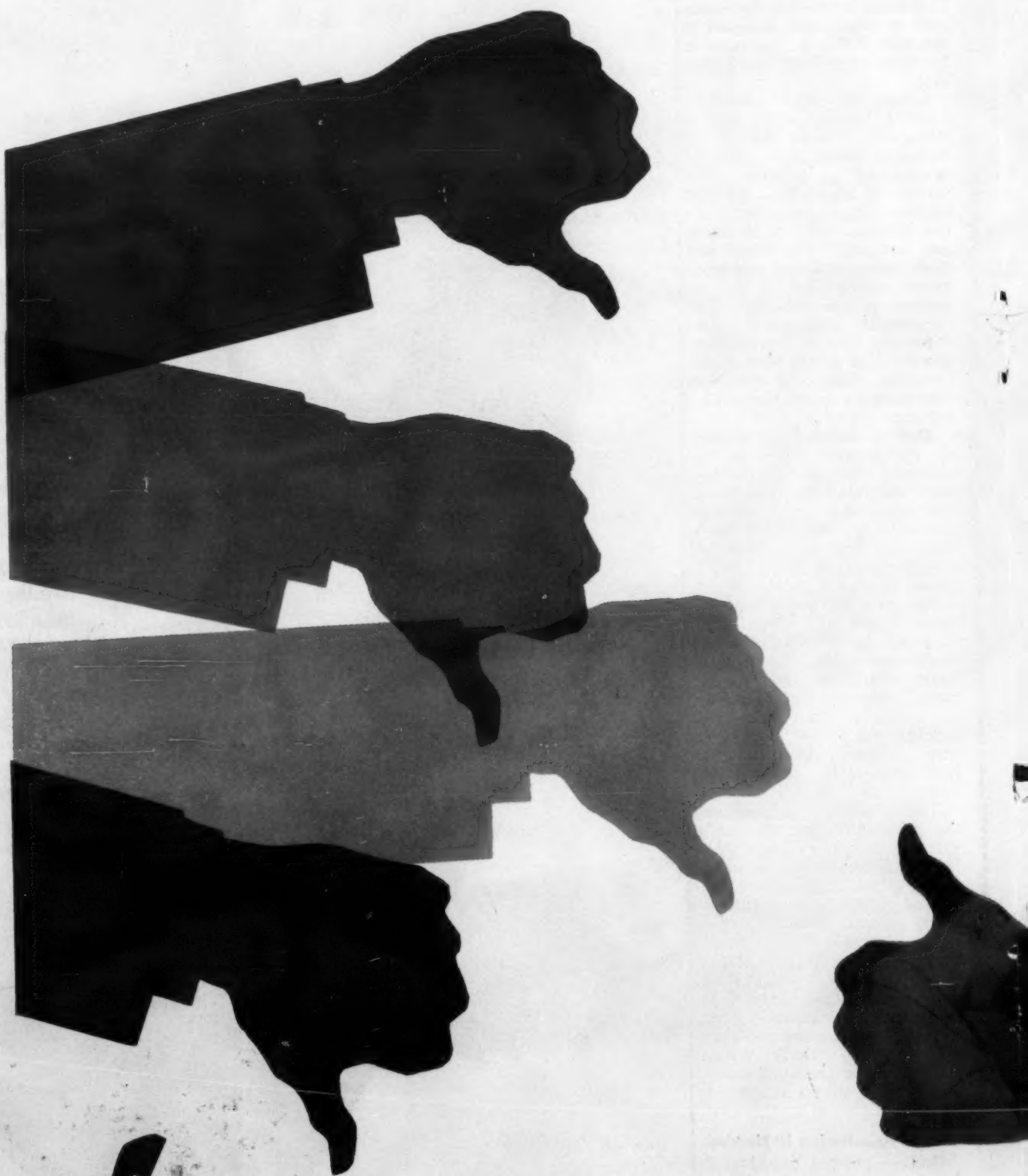
Social Security Benefits

Designed for mass employee distribution, this pocket-sized

handbook provides management with an effective and economical way to inform personnel of the changed status of their 1961 Social Security benefits.

Personalized management messages can be imprinted on the cover at no extra charge on orders for 500 or more copies. (There is a \$7.50 imprinting fee on smaller orders.) These handbooks can be obtained for the following quantity prices: 10 to 49—28¢ each; 500 to 999—20¢ each; and 1,000 to 2,499—18¢ each.

Send your order to *Commodity Research Publications Corp.*, 82 Beaver St., New York 5, New York.



DIRECT
LINE
SERVICE

BRIDGEPORT

The Case of the Baby Doll Carriages

HOW WOULD YOU SOLVE IT?

The Manufacturer's P.A. Had an Unusual Gripe: He Was Getting More Than His Money's Worth

Who pays when a supplier delivers goods that exceed specifications? A manufacturer of doll carriages raised this question when he complained that a supplier gave him too much for his money and disrupted production for the Christmas trade.

The trouble began with a shipment of steel rods that the carriage maker needed for fabrication of carriage spring assemblies. Because the buyer intended to cut the rods into six-inch lengths threaded on both ends, a fairly low carbon content was specified for the rods.

When the time came to deliver, the seller discovered that he didn't have quite enough of the low carbon steel on hand. Rather than disappoint a customer, he decided to make up the shortage with a better grade. As long as the size and price was the same, he thought, the carriage manufacturer would neither know nor care about the substitution.

But the buyer did care. The different grades of steel forced him to re-set his automatic lathes separately for small runs. Furthermore, the harder metal made lower speeds necessary. If there had been more time, the shipment would have been rejected. But production was needed to meet holiday sales schedules, so the manufacturer had no choice but to go ahead.

To recoup the losses he sustained from increased production costs, he demanded a penalty. To collect, he invoked the arbitration clause in the purchase order that read: "Any controversy or claim arising out of or relating to this contract, or any breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Assn., and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof."

The steel supplier, of course, contested the manufacturer's claim for a price allowance. For one thing, he said, a buyer has nothing to complain about when he gets better quality than he pays for. Furthermore, he said, the higher carbon steel could have been returned; when the manufacturer used it, he waived his right to recover part of the price.

FUSSIER THAN MOST ON QUALITY?

Then you should be interested in the way that 95 years' of metals specialists experience has been applied to aluminum production by Bridgeport. The production and technical staffs have been selected from men who have grown up with aluminum and know its quality problems intimately. These men are available, because of our unique "Direct Line" sales policy, directly to our salesmen. This means that you can get authoritative decisions—and quickly—right from the Bridgeport men who must meet your requirements.

Aluminum sheet is rolled to "special metals" quality by Bridgeport's modern mills at Warren, Ohio and Riverside, California. Well stocked Bridgeport Metal Service Centers provide quick local service in major metalworking areas nationwide. Bridgeport salesmen and deskmen offer a helpful objective service to metal buyers in the proper selection of aluminum, brass and copper alloys... call Bridgeport Brass Company, Bridgeport, Connecticut... offices in principal cities.

COILED AND FLAT SHEET: WIDTHS to 48", GAUGES 0.008" to 0.125"—**IN ALLOYS:** 1100, 1145, 3003, 3004, 5005, 5050, 5052, 5357, 5457, 5557... Bringing 95 years of metals experience to the production of quality aluminum.

**BRIDGEPORT
BRASS COMPANY**

ALUMINUM SHEET



What's Your Answer

If you sat as a member of the arbitration panel on this case, how would you adjudicate the issues?

Is the buyer entitled to a price allowance, or is the vendor right in saying the manufacturer had no grounds for complaint?

Make your own decision. Then turn to page 30 and learn how the expert arbitrators solved the dispute.

P.A.'s Go Back to School At IBM's San Jose Plant

(Continued from page 25)
prised how many things are negotiable on a high-price item," declared the speaker.

• Where a great number of items must be produced over a long period of time. Students were cautioned that an initial low quotation might lead to costs higher in the end than a higher quotation which makes allowance for the learning curve.

Realizing the complexity of the topic and the value of actual experience, IBM asked that De-Rose stress only certain broad aspects of negotiation.

Most of the students agreed that although negotiation may not be new, the lectures had given them a better perspective on it. Some felt that the course, initiated by management, had underscored purchasing's new leadership role within the company.

IBM management feels that a full understanding of the art of negotiation will permit its P.A.'s not to browbeat vendors, but to understand problems on both sides, and to develop even better relations in the long run.

CHICAGO PERSPECTIVE



P/W BUREAU CHIEF STEWART W. RAMSEY

Focuses a Purchasing Spotlight

On the Industrial Midwest

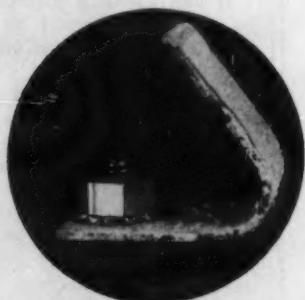
PURCHASING agents who trek to Chicago periodically for conventions and trade shows may find the going a little easier this year. A new center of attraction is McCormick Place, a giant \$35-million exposition hall recently completed on the lakefront. This new convention headquarters has just about everything a show visitor could ask for.

The building covers 10 acres of a 30½-acre site beside Lake Michigan at 23rd Street, just a short cab ride from Loop hotels. Constructed so that the main exhibit area can be used entirely for one big grade show or divided into sections to accommodate several events simultaneously, the four-story hall has 23 meeting rooms, two theaters (one seating 5,000 persons and another seating 500), an art gallery, three restaurants, a bar, and a cafeteria.

Straits Tin Report

Four ways to reduce metallic whiskers —

Troublesome whiskers tend to grow from surfaces of electrical and electronic components in close proximity.



Example of metallic whisker growth on angle bracket

By bridging gaps between contact points, the whiskers cause shorts. As a result of research fostered by telephone companies and the tin industry, it has been determined that whisker growth can be reduced in any of four ways:

- Tin coatings can be increased to an ideal thickness of .005 in.
- Components can be flow-melted
- Components can be hot tin dipped rather than electrolytically coated
- Lower ambient temperatures can be used to inhibit whisker growth

Superior solderability can be obtained with a hot dipped or electroplated coating of .0003 in. This thickness is least influenced by factors of basis metal, undercoat layers and after-treatment—according to solderability studies of various coatings of tin, alloys of tin with lead, zinc, cadmium, and cadmium and silver.

FREE Brochure

16 interesting pages of information about the latest uses of tin in U.S. industry. Write today for your copy.



The Malayan Tin Bureau
Dept. S-50B, 2000 K St., N.W., Washington 6, D.C.

YOU CAN "PUT THE BITE" ON Southern

Southern fasteners would pass the old-time "bite" test for quality without a doubt. They'll stand any test for quality because they are made by USA specialists using USA materials.

You can "put the bite" on Southern for service, too. Contact your Southern distributor today, or write, wire or phone Southern Screw Company, P.O. Box 1380, Statesville, North Carolina. Phone TRIangle 3-7213.

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Machine Screws & Nuts • Tapping Screws • Stove Bolts • Drive Screws • Carriage Bolts • Continuous Threaded Studs • Wood Screws • Hanger Bolts • Dowel Screws



The Chicago Convention Bureau expects McCormick Place to attract a lot of convention business that has been drawn to other cities in recent years, and to boost convention and trade show spending in Chicago by \$32-million in 1961. Among the bigger trade shows already lined up for 1961 is the 30th National Packaging Exposition in April. The 1961 NAPA Convention (June 4-7) will be headquartered, however at the Conrad Hilton with the annual Inform-A-Show in the Hilton's exhibition rooms.

Just as major steel producers are cutting costs through modernization of production facilities, some of the biggest Midwest steel warehouses are concentrating on cost reduction through better methods—improvements in both office procedures and plant operations. The head of one Chicago-headquartered steel service center network confides that thanks to their operational changes, the company expects to make up much of the higher costs it has absorbed in the last few months. At the same time, he hopes that a pickup in sales can be translated into an even bigger pickup in net profit.

Crystal-ball gazing into the steel industry's outlook is a hazardous game at best. Now, executives at one big Chicago steel firm have made it more of an enigma than ever because the traditional roles of the "office pessimists" and "office optimists" have been reversed.

In talking with reporters recently, a top company executive frankly admitted that another executive down the hall probably would paint a brighter picture of the industry's prospects than he would. A year ago, the "fellow down the hall" didn't go along with his cohorts' glowing predictions of a 120-million ton year for 1960. The 1960 pessimist had reservations, and year-end statistics proved him right.

After spending most of his working life in purchasing, one of Chicago's leading purchasing men who just moved up to a company presidency believes there is more opportunity now than ever for purchasing management to show what it can do.

But this former P.A. Donald L. Harwood, says "Too many purchasing agents are complacent. A man content to sit at a desk and just handle orders is not doing all he can."

Harwood bowed out as vice president for purchases and traffic at Fairbanks, Morse & Co. and as president of the Purchasing Agents Assn. of Chicago late in 1960 to become president of a glass-processing company. In 34 years at Fairbanks he rose from a plant buyer to a top staff job at the company's Michigan Ave. headquarters.

According to Harwood, the need for specialization in purchasing is one of the most important trends that pose a challenge to today's purchasing man. "The all-around man no longer is as valuable as he once was," said Harwood. "Today we don't buy 'iron' like we used to and we have people who buy more than just hot and cold-rolled sheet steel."

"There are buyers for stainless steels, for special tool steels, and for other specific products. The same is true for electronics; the ordinary purchasing agent can't do an effective job of buying electronic components. It takes a specialist to do this. We have to find these people—trained people—and put them in purchasing."

Harwood also is a strenuous advocate and practitioner of value analysis. It's an area, he says, that should be exploited much further than it is.

Just prior to his departure, value analysis savings at Fairbanks Morse were running at about a \$25,000/month company-wide rate. And Harwood estimated even more could be saved by extending value analysis to still other functions.

Specify...
**...end your
delivery problems!**

Why? Because D-C takes the entire responsibility for delivering your order for parts, materials, or merchandise *on time and in good condition*. Only D-C can offer one-carrier responsibility coast-to-coast because only D-C goes direct coast-to-coast! One-carrier handling... one-carrier control... non-stop, straight-through service all the way on D-C equipment... cuts 20% off running time... assures you on-time delivery *every time!*

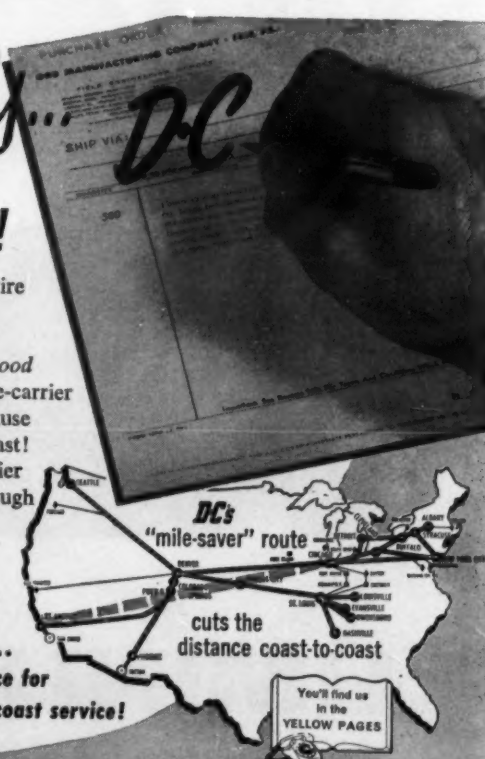
Specify the Dependable Carrier...

D-C... coast-to-coast choice for

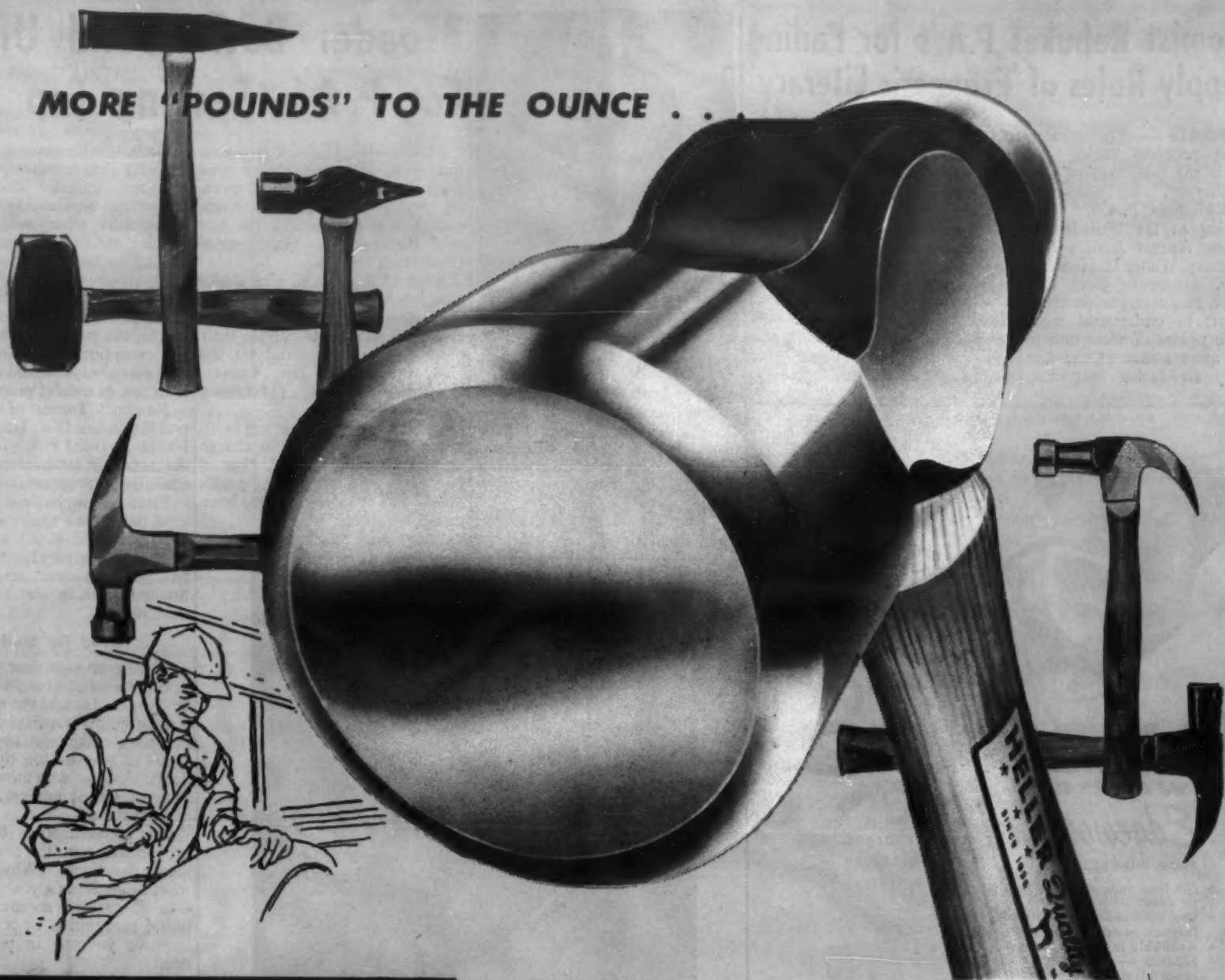
coast-to-coast service!

D-C

DENVER CHICAGO TRUCKING CO., INC.
the ONLY direct coast-to-coast carrier!



MORE "POUNDS" TO THE OUNCE . . .



...when you standardize on

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SAFETY-PROVED

Hammers

with

Job-Tempered Heads

BLOW FOR BLOW, THERE'S NO SAFER, STRONGER MACHINIST'S HAMMER THAN A HELLER. . . In head weights ranging from 2 ounces to 3 pounds.

FIRST IN SAFETY! Every head has a crowned face with a safety rolled edge for built-in protection to both the worker and his work. Every hickory handle is shaped to give a non-slip grip. Every pein . . . ball, cross or straight . . . is precision ground to a uniform shape.

FIRST IN STRENGTH! Heller has combined the latest metallurgical developments with their unique tempering techniques to create "Job-Tempered" heads. For strenuous use, the heads are forged from special analysis high carbon tool steel.

INSIST ON JOB-TEMPERED HAMMERS! . . . identified by the hickory handle with the exclusive Heller Spot-Burned finish.

Catalog No. T-56 . . . describes the complete Heller line of hammers and hatchets. Get it from your nearby Heller Distributor.

17.9.2



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Economist Rebukes P.A.'s for Failing To Apply Rules of 'Economic Literacy'

Philadelphia — The greatest economic problem facing our country is the "shortage of economic literacy," an economist told Philadelphia P.A.'s.

Speaking at the Philadelphia Purchasing Agents Assn.'s January meeting, Walter E. Hoadley, treasurer, Armstrong Cork Co., Lancaster, Pa., called on purchasing agents to understand more economic points of view and to become more aware of the fact that they are facing long-term,

rather than short-term, problems.

Hoadley said he believed less than half the people of this country was economically literate. He said P.A.'s ran well ahead of the national average, but that even they did not apply the rules of economic literacy to what they hear about future business trends.

As for the business outlook, Hoadley said the nation was now on a "perplexing plateau" and will continue to be on one throughout 1961.



E. F. ANDREWS

NAPA Post to Andrews

New York—E. F. Andrews, vice president in charge of purchases, Allegheny Ludlum Steel Corp., Pittsburgh, has succeeded Chester F. Ogden as chairman of the NAPA Business Survey Committee.

Ogden served in this post for six years.

Broader Background Urged For P.A.'s Seeking Top Jobs

Jacksonville, Fla.—A proposed state-wide extension course program for purchasing men drew the attention of Florida Assn. members at the group's 7th Annual Buyer-Seller-Management Conference here.

Thor C. Laugesen, vice chairman, NAPA Professional Development Committee, advised Florida P.A.'s not to confine their program—to be offered by the General Extension Div., University of Florida—to purchasing techniques.

"There's nothing wrong with being a vice president in charge of purchasing," he said, "but if you have your eye on the president's job you've got to have broader training."

Laugesen, purchasing agent,

Anaconda Aluminum Co., Louisville, Ky., suggested the proposed program include also traffic, budgeting, engineering, management, and other subjects with which the purchasing agent should be familiar.

Exceptional Opportunities

He pointed out that opportunities for the purchasing man today are exceptional because "profits are not always to be found in sales but in careful planning."

Emanuel Turner of the General Extension Div., University of Florida, warned P.A.'s of some of the pitfalls in establishing such an educational program.

First, he emphasized, the right kind of courses must be selected to fit the need of all who might enroll. Some purchasing agents, he pointed out, might have broader training and experience than others.

Need for Study

Having enough time to devote to one's studies also was stressed by Turner. He told the group that a three-hour class held weekly or bi-weekly requires about nine hours of preparation by the students. Anyone who misses two or three classes is immediately at a disadvantage.

He recommended that each prospective enrollee first answer these questions: "Why do you want this? What's your objective—is it greater stature, professional recognition or a desire to improve yourself in your position?"

Arbitration Answer

The case was submitted to three arbitrators—an attorney, an executive in one of the metalworking trade associations, and a cost accountant. The sales contract was placed in evidence; other documents were received; witnesses were examined and cross-examined; and lawyers from both sides presented arguments.

On the basis of all the evidence and their knowledge of trade practices, the arbitrators awarded the carriage manufacturer a price allowance, but not as much as he asked for. They said it was his decision, and apparently in his interests, to produce carriages without interruption to fill his Christmas orders.

The American Arbitration Assn. is a private, nonprofit organization that helps businessmen, management, and labor find peaceful, fair-minded solutions to their quarrels. Many contracts between buyers and vendors contain a "future dispute arbitration clause," directing that any controversy or claim be settled in accordance with AAA rules.

Services of the Association in adjudicating disputes are available in key business and industrial centers across the country. For further information, contact the AAA at its main headquarters, 477 Madison Ave., New York 22, New York.



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Write for 16 page booklet on better brazing.

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You need the answers to such questions as:

- "Can a TUBULAR RIVET replace a solid rivet, screw, or bolt and thereby accelerate production?"
- "Would a SPLIT RIVET with a decorative head improve product appeal?"
- "Should a SELF-PIERCING RIVET be used and eliminate a drilling operation?"
- "Can a cold headed part such as a SHOULDER RIVET serve as a fastener and also provide a bearing surface?"
- "Would a TAPPED RIVET, made to receive a screwed-on assembly simplify field service?"

These are typical questions asked of Chicago Rivet engineers because keen competition today makes necessary re-examination of production methods.

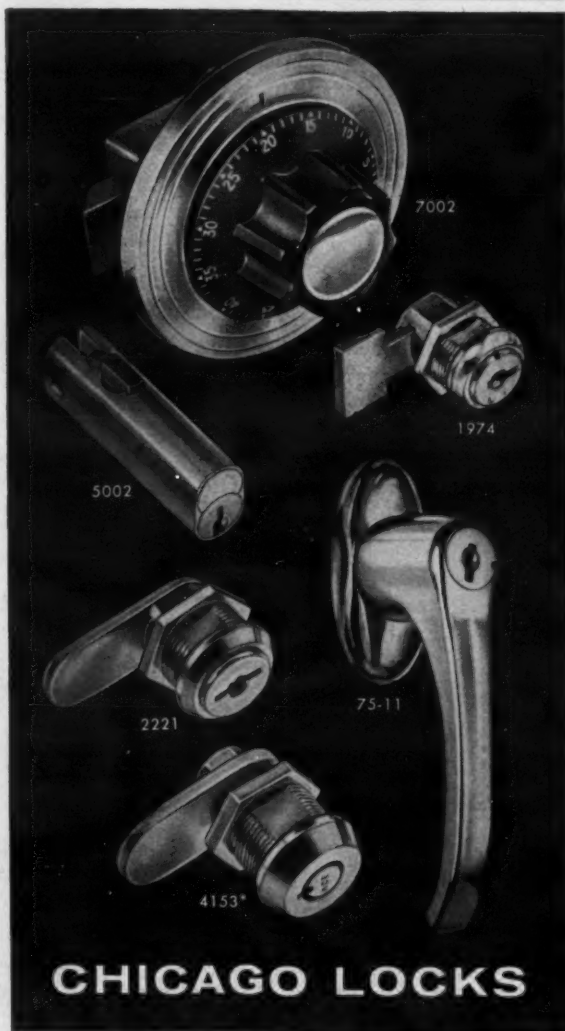
No matter how complex or how simple your fastening problem may seem to be, get the cost saving advice that Chicago Rivet engineers can give. Send blueprint or sample assembly—no obligation.

Chicago Rivet	Machines set
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Tubular or Split Rivets At a Time

Chicago Rivet & MACHINE CO.
948 S. 25th Ave. • Bellwood, Ill. (Chicago Suburb)
Branch Factory: Tyrone, Pa.

FOR FILES—Rivet catalog describes 1388 standard tubular and split rivets and 26 single and multiple automatic rivet setters.



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Whatever your needs, you're sure to find a Chicago Lock that's perfect for your purpose . . . and priced right, too.

*One of the ACE Lock line—Maximum security locks with the exclusive round keyway.

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Meetings You May Want to Attend

FIRST LISTING

16th. Annual Exhibit and Conference of Reinforced Plastics Div. of Society of Plastics Industries—Edgewater Beach Hotel, Chicago, Feb. 7, 8, 9, 1961.

Executive Night Meeting—Purchasing Agents Association of Northern California—Saint Francis Hotel, San Francisco, Feb. 9, 1961.

Workshop Seminar—Methods of Eliminating Input Bottlenecks in Office Automation and Data Processing—A.M.A.—The Hotel Astor, New York City, Feb. 15-17, 1961.

Orientation Seminar—Organization and Management of the Forms Design and Control Function—A.M.A.—The Hotel Astor, New York City, Feb. 15-17, 1961.

Selecting, Controlling and Evaluating Systems and Procedures Projects and Programs Workshop Seminar—A.M.A.—The Hotel Astor, New York City, Feb. 15-17, 1961.

Value Analysis Standardization Workshop—Cleveland Association—the Embassy Room—Pick-Carter Hotel, Cleveland, Thursday, February 16, 1961.

Tappi Convention and Paper Week—National Starch and Chemical Corp.—Hotel Commodore, New York City, February 20-23.

Past Presidents Party—Indianapolis Association—Marott Hotel, Indianapolis, March 21, 1961.

Indiana Industrial Show—Manufacturers Building—State Fairgrounds—Indianapolis—April 12-14, 1961.

Problem Clinic—Indianapolis Association—Dinner Meeting, Marott Hotel, April 18, 1961.

42nd. International Conference and International Exposition—Kiel Auditorium—St. Louis, Missouri—May 7-11, 1961.

Western Joint Computer Conference—National Joint Computer Committee—May 9-11.

PREVIOUSLY LISTED

FEBRUARY

Chemical Buyers Group of NAPA—Mid-winter Conference, Hotel Commodore, New York, Feb. 1-2.

Fourteenth Annual Seller-Buyer Dinner—Purchasing Agents Association of Alabama Birmingham Municipal Auditorium—February 9, 1961.

15th International Heating & Air-Conditioning Exposition—International Amphitheatre, Chicago, Feb. 13-16.

Purchasing Techniques Workshop—Wisconsin Center Building, Madison, Wis., Feb. 21-23.

MARCH

Industrial Goods Packaging—Workshop Seminar, Hotel Astor, New York City, Feb. 27-March 1.

National Railway Appliance Association—McCormick Place Convention Hall, Chicago, March 6-9.

Institute of Radio Engineers—International Convention and Show. Waldorf-Astoria Hotel and New York Coliseum, New York City, March 20-23.

Western Metal Congress—American Society For Metals and five participating technical societies. Los Angeles, March 20-24.

APRIL

Annual Pacific North West Purchasing Conference—Far West Purchasing Agents Association—Victoria, B. C.—April 6-8.

National Packaging Exhibit—McCormick Place, Convention Hall, Chicago, Ill., April 10-13.

American Society of Lubrication Engineers—Annual Meeting and Exhibit—Bellevue-Stratford Hotel, Philadelphia, April 11-13, 1961.

Indiana Industrial Show—Manufacturers Building, State Fairgrounds, Indianapolis—April 12-14.

Business Equipment Exposition—Office Equipment Manufacturers Institute—New York Coliseum, New York City, April 17-21, 1961.

General Electric 69th Annual Meeting of Share Owners—Onondaga County War Memorial Auditorium, Syracuse, April 26.

National Tank Truck Carriers—Annual Meeting and Trade Show, Netherland-Hilton Hotel, Cincinnati, April 30-May 2.

Liquefied Petroleum Gas Association—Annual Meeting and Trade Show—Conrad Hilton Hotel, Chicago, April 30-May 3, 1961.

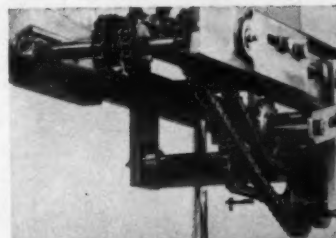
MAY

Chicago Electrical Industry Show—McCormick Place Convention Hall, Chicago, May 2-4.

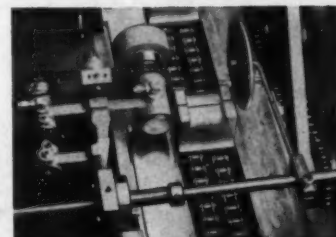
65th AFS Castings Congress & Exposition—Brooks Hall, San Francisco, May 8-12.

Canadian Purchasing Conference—Canadian Association of Purchasing Agents—Products Display for 1961—Royal York Hotel, Toronto—May 28-31.

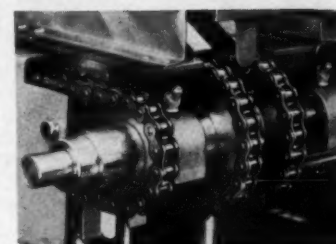
WHAT'S THE ANSWER TO THESE 4 POWER TRANSMISSION QUESTIONS?



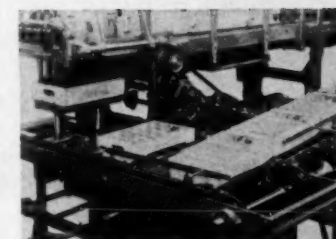
1 Do I have at my disposal a complete line of quality power transmission products, scientifically made to give the longest life expectancy, free from replacement worries, at competitive prices?



2 Will I be furnished with fast engineering service to solve my design problems and get the most efficient installations?



3 Can I get off-the-shelf service and immediate delivery on all my requirements from an authorized local distributor who specializes in the handling of Acme Power Transmission Products?



4 Will I receive the personal cordial attention of top executives thoroughly experienced in efficient use of roller chains with a willingness to help me with my engineering problems?

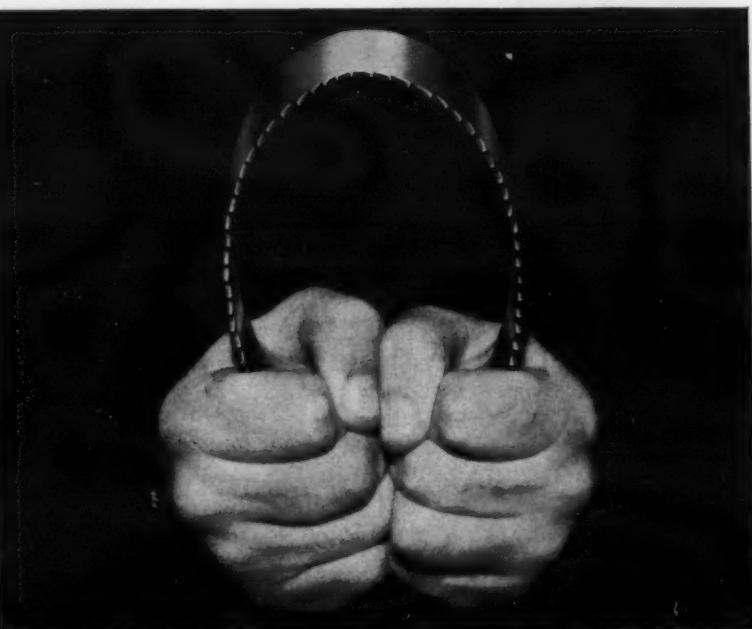
THE ANSWER IS YES . . . when you deal with Acme Distributors because they carry a complete line of Acme chains and are fully qualified to answer YES on all the important questions listed above. Call him for advice and service.



Write Dept. 36-D for new ill. 100 page catalog with engineering section.



RELIABLE CHAIN DRIVES FOR ALL INDUSTRIES
ROLLER CHAINS, SPROCKETS, CONVEYOR CHAINS, FLEXIBLE COUPLINGS, ATTACHMENTS. (Special and Standard)



UNBREAKABLE!

This is a punishing test for a hack saw blade. We do it to prove that a Marvel High-Speed-Edge Hack Saw Blade is unbreakable. A Marvel Blade can be bent like this thousands of times and it still won't break.

Why? Because the blade body—to which a high speed steel cutting edge is welded—is made of a tough, non-brittle alloy steel designed to take the heaviest feed pressures and highest speeds any modern hack sawing machine can develop.

What does this unbreakable feature of Marvel Blades mean to you?

1. Operators, knowing they can trust Marvel Blades not to break, tension them truly taut

(from 200% to 300% more than ordinary blades) to produce maximum obtainable accuracy of saw cut.

2. They can safely apply heavier feed pressures and higher speeds without endangering themselves or the machine to produce faster cutting-off.

3. Longer cutting life is assured because the blade simply won't break.

Ask for Marvel High-Speed-Edge Hack Saw Blades by name and you can be sure you're getting the unbreakable blades designed to give you maximum accuracy, speed, and safety in your cutting-off operations. Leading Industrial Distributors have Marvel Blades in stock.

MARVEL Metal Cutting **SAWS**

BETTER MACHINES
BETTER BLADES

ARMSTRONG-BLUM MANUFACTURING CO. • 5700 Bloomingdale Avenue • Chicago 39, Illinois

The LAW and YOU

SELLER MUST MEET SPECIFICATIONS

A buyer doesn't have to accept goods that don't meet contract specifications, and he can recover damages if the seller refuses to live up to the contract. Take this case:

Chicago Copper & Chemical Co. agreed to buy a stated amount of ore that would meet certain specifications. The first shipment of ore did not come up to specifications, and the buyer asked the seller to halt further deliveries until he had submitted representative samples of carload lots for approval.

But the supplier refused to comply with this condition, and Chicago Copper was forced to buy a less desirable ore elsewhere and at a higher cost. Subsequently sued for damages, the seller argued the buyer had repudiated his contract by his failure to pay for the ore already delivered and by his letter.

The court ruled that the buyer, far from attempting to repudiate the contract, was trying to get performance according to its terms by asking the vendor to bring the quality of the ore up to the agreed standards.

• • •

PLAY IT SAFE

Be specific about delivery dates in your buy contract—especially when you want your goods in installments. Here's what happened to a buyer who wasn't:

Why some competitors say— The B&S Thriftmill® is no good!



The fact that Brown & Sharpe Thriftmills have a 20% lower price tag than competitive end mills could not make them "no good".

The fact that Thriftmills are selling like crazy could not make them "no good".

The fact that shop people . . . the ones that really use end mills prefer Thriftmills and feel that they out-produce higher priced tools on 85% of all end milling applications could not possibly make Thriftmills "no good".

The fact that Brown & Sharpe has a secret method of producing Thriftmills at this low, low, price (It's an all American-Made tool, by the way) and the fact that they don't think anyone else knows how to do it . . . doesn't necessarily make these tools "no good".

Brown & Sharpe salesmen like Thriftmills. Brown & Sharpe Distributors like Thriftmills because they benefit users and produce profits by making the job of selling end mills so much easier.

Thriftmills, however, do not make money for competitive salesmen. In fact, it is quite the opposite.

The Thriftmill is good for Brown & Sharpe and it is good for more and more Brown & Sharpe customers daily.

But, and we can understand this, our competitors say the Thriftmill is "no good!"



PLEASE, MR. P.A. Don't ask competitors...

Send letterhead request for a FREE B&S Thriftmill. Ask your Machinists or your Tooling Superintendent to try it out. Then ask him, he knows.

Brown & Sharpe

Cutting Tool Division
Brown & Sharpe Mfg. Co.
Providence 1, Rhode Island

His contract called for delivery to be made "August/September/October." Seller made no delivery in August and made part delivery in September. Buyer refused to accept the goods, claiming contract was breached because of failure to deliver one-third of the goods in August. The seller sued for breach of contract and won.

The court held that there was no provision in the contract for delivery of the goods in installments. Buyer's claim that seller was bound to deliver at least one-third of the goods each month was based on an arbitrary interpretation. Instead, the court found that the contract gave seller the option of delivering the goods any time during the three months and thus could deliver all the goods on Oct. 31 without breach of contract.

Moral: Play it safe—if you want installment deliveries, specify exact date of each installment.

• • •

GOING, GOING, GONE

An auctioneer may withdraw advertised goods from sale up to the last minute before the bidding starts, even if the auction is "without reserve." (Sale without reserve means that seller can't withdraw goods from sale once bidding has started.)

In a recent case, a "bidder" came all the way from South America to New York to attend an auction advertised to be without reserve. Court ruled that he was not entitled to travel expenses and loss of time as damages, because the goods he was after were withdrawn a few minutes before the bidding was to have started.

• • •

IMPLIED WARRANTY

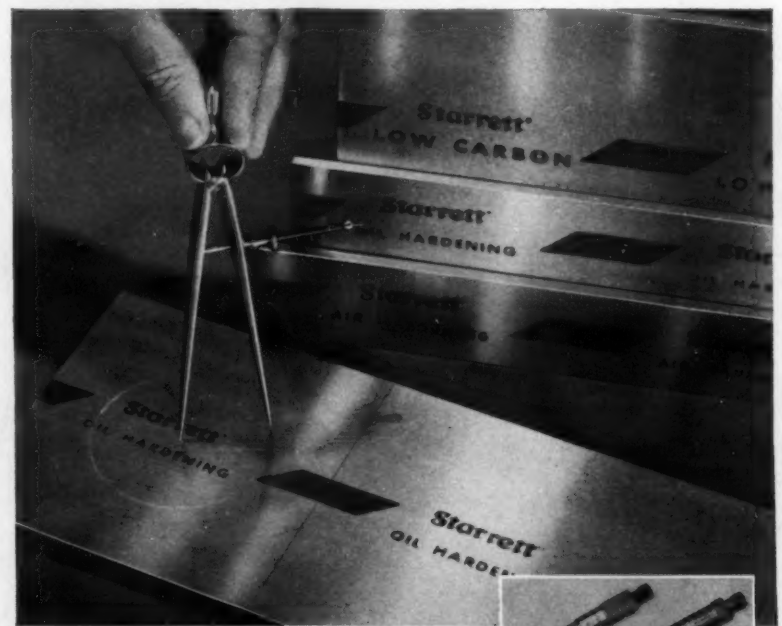
When an article is sold for a particular purpose, there is an implied warranty that the equipment will perform satisfactorily. Thus equipment sold as automatic is impliedly warranted to do the job, unless the seller inserts a warranty that excludes satisfactory performance. Take this recent case:

Town & Country Auto washed autos manually. The firm purchased a wheel washer, which was represented to be "completely automatic (requiring) no manpower to operate." Buyer had difficulties with the equipment from the day it was installed and attempted to correct them—but without success.

The Michigan Supreme Court allowed the buyer to rescind the contract on grounds of breach of warranty. Even though there was nothing in the contract covering poor performance, there was an implied warranty that the equipment would meet intended purposes. (Richardson v. Messina, 105 N.W. 2d 153, 9/16/60).

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(The above material was prepared by Sydney Prerau of the J. K. Lasser Tax Institute for PURCHASING WEEK. Reader inquiries on general tax and legal aspects of purchasing will be discussed here in accordance with space limitations and applicability.)



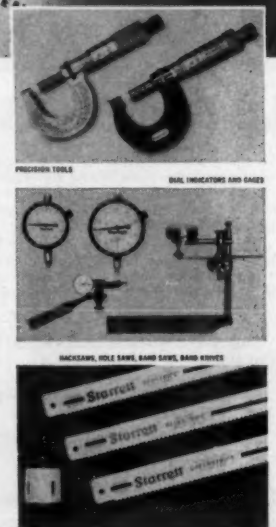
PRECISION GRINDING DIE AND FLAT STOCK — Starrett No. 400 Oil Hardening, No. 401 / 11 Hardening and No. 402 Low Carbon Flat Stock.

precision made by Starrett® to speed precision work

Flat stock and die stock made to exacting Starrett metallurgical specifications . . . precision ground to Starrett standards of dimensional accuracy . . . available in well over 1,000 sizes in air, oil and water hardening tool and die steel types and in free machining-low carbon flat stock . . . available through your nearby Industrial Supply Distributor ready to lay it out and cut it out.

Just one of the many ways Starrett helps you speed and simplify precision work with a complete line of products of unsurpassed quality. Write for complete Catalog No. 27. Address Dept. FW, The L. S. Starrett Company, Athol, Mass., U.S.A.

World's Greatest Toolmakers



Former ICC Chairman Scores 'Over-Regulation' City Officials in Akron Disillusioned After Experiment With Compact Cars

Evanston, Ill. — Over-regulation by the government has kept transportation rates at artificially high levels.

Anthony F. Arpaia, former chairman of the Interstate Commerce Commission, made this charge at a meeting of rail traffic men and industrial traffic managers here at Northwestern University.

Arpaia, now vice president of international services for REA Express, laid the blame for transportation's woes squarely at the door of the government.

The regulatory process, originally designed to protect the public, has been distorted to provide a "shelter for carriers of all kinds whose survival is not warranted by their ability to perform efficiently," he said.

The result is that competent carriers are compelled to charge artificially high prices so as not to drive less efficient competitors out of business, he stated.

Under these circumstances, it is not surprising that shippers should turn increasingly to unregulated carriers for service, he said.

Urges Overhaul

Transportation's situation will worsen and become dangerous to the economy and security of the nation if the government's regulatory role is not overhauled, Arpaia warned.

He made three major recommendations for change:

- Treat all forms of transportation as a single entity and supervise them with a single law. Make sure that if any forms receive special treatment, it is in the national interest and not because of historical accident.

- Allow regulated carriers to compete with unregulated transport. To this end, have the government refrain from activities that help undermine public transportation, such as competing directly with regulated carriers and patronizing unregulated transport.

- Create a Department of Transportation at the Cabinet level to overcome the "confusion, disorganization, inconsistency, overlapping, and lack of plan and direction which now characterize Federal action."

Criticizes Traffic

Railroad tariffs were criticized by E. G. Plowman, vice president of traffic for U.S. Steel Corp. The present system is, "filled with complications that often make the task of ascertaining the legal rate on a particular shipment both wearisome, time-consuming and expensive," he declared.

Plowman's suggested solution: Transfer of volume of printed tariffs to memory storage and data processing devices.

Noting the difficulties in negotiating new common carrier freight rates, Plowman said "the simplicity of contract freight rates offers a striking contrast." There are no freight rate problems in private carriage, he said.

"These are facts of slight but positive advantage as compared to railroad tariffs and freight rate negotiations," he declared.

James J. Wright, director of technical research for the New York Central Railroad, said "technological advancement" in regulatory laws and policies should go hand in hand with such advances in rail operations.

Other Barriers

He cited three other barriers to technological progress:

(1) Outmoded employee work rules.

(2) Government "hypercaution" in development of atomic energy by industry.

(3) Lack of research liaison between railroads and the Armed Forces.

The military, "who have spent great sums in technical development in the fields of air, highway and waterway transportation, have been extremely backward in any attempt to research rail transportation," Wright said.

He cited the example of containerized transportation. He said "military's use of seven ft. boxes ignores the concept of a transport unit having high cubic volume but low tare weight."

Akron—The city of Akron is seriously considering ending its one-year experiment with compact cars, which comprise more than one-half of the municipal fleet of 213 passenger vehicles.

Gasoline economy has been good—20 to 21 miles per gallon—but city officials have expressed some dissatisfaction with local maintenance services which will be more clearly specified in 1961 contracts.

The city acquired 119 Ford

Falcons last April for the use of most city divisions with exception of police and fire departments.

Akron trades in its vehicles annually, and bids on the 1961 fleet will be taken in late February or early March for both compacts and standard-size cars. Mayor Leo Berk said studies now being made will figure in the administration's decision on whether to keep a sizable compact fleet.



Air Express has priority... in the air and on the ground

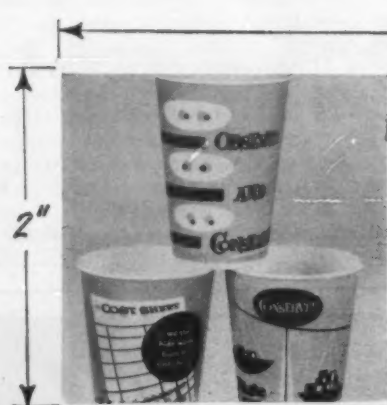
It doesn't matter whether your product is large or small... travelling 300 miles or 3000. The moment you call AIR EXPRESS (and one call is all it takes), the nation's largest air-ground shipping service is on your team. That means your shipment gets top priority on all 35 scheduled U. S. airlines—first on, first off. It's picked up and delivered—door-to-door—by a special fleet of 13,000 AIR EXPRESS trucks, many radio-dispatched. And it always gets the kid-glove handling it deserves, to 23,000 communities in all 50 states. These are just some of the reasons why, more than ever, it pays to think fast, think AIR EXPRESS first.

AIR EXPRESS

CALL AIR EXPRESS DIVISION OF R-E-A EXPRESS • GETS THERE FIRST VIA U. S. SCHEDULED AIRLINES

Here's your weekly guide to . . .

Picture aids product recognition



Drinking Cups

Carry Waste-Cutting Message

Vending machine cups are imprinted with three industrial waste-cutting messages. The colorful cold drink cups are available in 7 oz., 9 oz., and 10 oz. sizes in minimum orders of 25,000.

Price: Approx. \$5.81/1,000 (7 oz.), \$6.98, and \$7.29. **Delivery:** immediate. Continental Can Co., Bondware Div., 70 Park St., Montclair, N. J. (PW, 2/6/61)

Size permits you to paste on 3"x5" card

Copy gives only pertinent details, cuts your reading

How much it costs and how soon you can get it

You'll know when item appeared

Space for your own notes

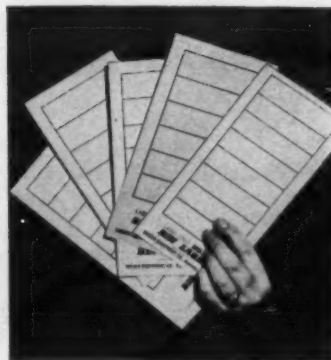
Truck Tire

Gives 50% More Mileage

Three-rib bladed tread design gives 50% more mileage than the company's previous 100 level, original equipment tires. Tread also provides greater side and forward traction. Broad center rib and improved rubber compounds enable the tire to run cooler.

Price: Approx. \$187.10. **Delivery:** immediate.

Firestone Tire & Rubber Co., 1200 Firestone Pkwy., Akron 17, Ohio. (PW, 2/6/61)



Labels

Identify Bins & Shelving

Bin and shelving labels in card strips come in three sizes: 7/8 in. x 3 in. labels (8 to a strip), 1 in. x 3 in. labels (6 to a strip), and 2 in. x 4 in. labels (three to a strip). Available colors are white, salmon, canary, and blue.

Price: \$5.60/100 strips. **Delivery:** immediate.

Sasser Equipment Co., 541 Bridge St., Danville, Va. (PW, 2/6/61)

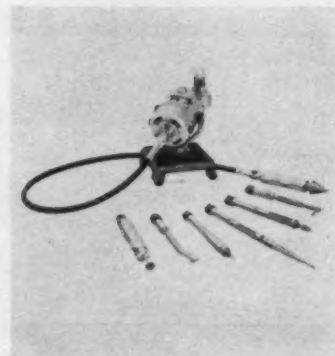
Pencil

Assures Crisp Lines

Lead pencil holds lead .020 in. in diameter. The thinness lets the lead wear down evenly, assuring crisp lines which never vary in width. Pencil comes with dispenser holding 24 leads. Extra dispensers are available singly or in packages of 12.

Price: \$4.50. **Delivery:** immediate.

Keuffel & Esser Co., Third & Adams Sts., Hoboken, N. J. (PW, 2/6/61)



Miniature Power Tool

Offers Variety of Handpieces

Power tool with 1/10-hp. motor is designed for wide variety of jobs. Pencil-thin and miniature angle-type handpieces accept rotary tools of all kinds with shanks from 1/8 in. to 1/4 in. Tool plugs into any 110 v. a.c. or d.c. outlet.

Price: \$74 to \$87 (depending on handpiece selected). **Delivery:** immediate.

Foredom Electric Co., Inc., Bethel, Conn. (PW, 2/6/61)

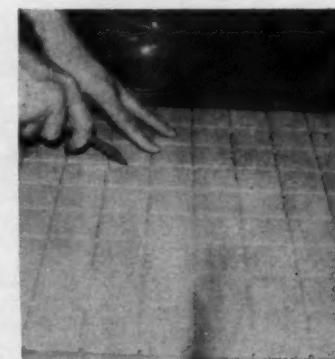
Ventilator

Exhausts & Supplies Simultaneously

Single unit, applicable for temperatures to 200 F and for gases and fumes, supplies and exhausts air simultaneously. Supply and exhaust may be distributed right at the unit or ducted to specific areas. A variety of sizes and accessories are available.

Price: \$320 to \$600. **Delivery:** 60 to 90 days.

Clarage Fan Co., One Clarage Pl., Kalamazoo, Mich. (PW, 2/6/61)



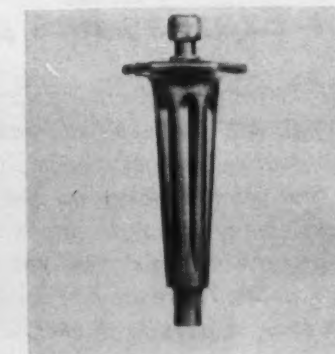
Patching Compound

Repairs Roadway Instantly

Blend of emulsified asphaltic oils and aggregates can be applied on wet surfaces and in temperatures down to 15 F. Preliminary coat is not needed nor is preheating or other preparation necessary. Surface can be driven over immediately after application.

Price: 80¢/gal. (Truckload) to \$1.90/-gal. (55-gal. drum). **Delivery:** within 7 days.

Monroe Co., Inc., 10703 Quebec Ave., Cleveland 6, Ohio. (PW, 2/6/61)



Mounting Pads

Eliminate Lagging of Machinery

Fiber glass pads absorb vibration and eliminate lagging machinery to the floor. They come in 18 in. x 18 in. sheets of 1/2-in. thickness. They are pre-scored in 2-in. squares for cutting to-size on the job.

Price: \$18 to \$24/sheet (2.5 psi. to 50 psi.) **Delivery:** immediate.

Consolidated Kinetics Corp., 1065 Dublin Rd., Columbus 12, Ohio. (PW, 2/6/61)

Fastening Tool

Works Without Drill

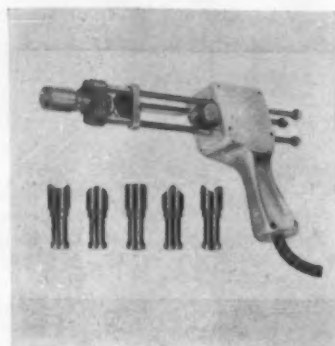
Fastening tool is used with hammer to place threaded studs or drive pins into concrete or thin steel without drilling. A drill holder which screws onto the mouth of the tool can be used for specialized drilling jobs such as tile or glazed brick.

Price: \$10.50. **Delivery:** immediate.

Ramset Fastening System, New Haven, Conn. (PW, 2/6/61)

New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.



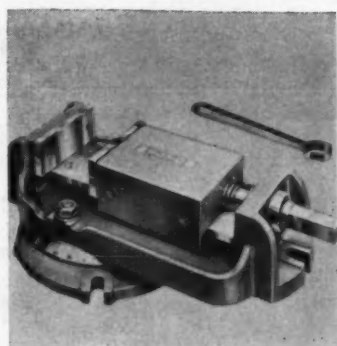
Electric Arc Gun

Does Six Jobs

Gun works with any a.c. or d.c. welding power supply to serve as a spot, stud, tack, and button welder, hole burner, and riveter. Its design eliminates the need for a back-up electrode or welder's helmet.

Price: \$59 (with 1 nozzle and 1 lb. of welding rod), \$99 (with 5 nozzles). **Delivery:** immediate.

Beeco Mfg. Corp., P. O. Box 116, Cranford, N. J. (PW, 2/6/61)



Milling Machine Vise

Gives Choice of Bases

Vise is available with stationary flanged or graduated swivel base. The 4½-in. unit opens to 4 in. and has a jaw depth of 1½ in. It has a large coolant trough and reversible jaw faces (one side is smooth, the other has vertical and horizontal V slots).

Price: \$68.50 (stationary base) and \$84.60. **Delivery:** immediate.

Wilton Tool Mfg. Co., 9525 Irving Park Rd., Schiller Park, Ill. (PW, 2/6/61)

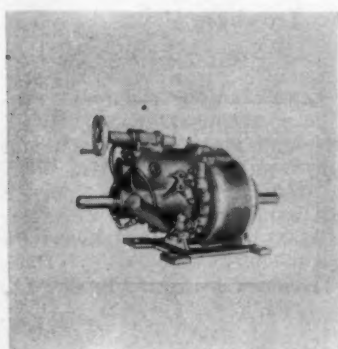


Tape Program Unit

Provides Off-Line Control

Programmer automatically controls digital tape machines for forward and reverse movement, and provides off-line control to aid in servicing and adjustment. Unit generates forward and reverse outputs capable of driving actuator control circuits of the tape machine.

Price: \$450. **Delivery:** approx. 30 days. **Binary Electronics Co., Bldg. E, 824 E. Walnut Ave., Fullerton, Calif. (PW, 2/6/61)**



Hydraulic Transmission

Permits Low-Cost Automation

Unit adapts to existing machinery and provides variable speeds from 0 to 1,600 rpm. for high-torque, heavy-duty applications. Rotation of hand wheel selects precise speed. Drive works at 1,800 rpm. or less with any 2-hp. to 10-hp. motor or 20-hp. gas engine. Device may be modified for remote control.

Price: \$299. **Delivery:** immediate. **Roberts Electric Co., 849 W. Grand Ave., Chicago 22, Ill. (PW, 2/6/61)**



Test Instrument

Measures Insulation Resistance

Portable d.c. tester reads insulation resistance of electrical machinery, control, communication equipment, cable, wiring, and electrical parts. Models cover four rated voltages and five resistance ranges from 100 v./20 megohms to 1,000 v./2,000 megohms.

Price: \$195 to \$280. **Delivery:** 1 to 14 wk.

Multi-Amp Electronic Corp., 465 Lehigh Ave., Union, N. J. (PW, 2/6/61)

This Week's

Product Perspective

FEBRUARY 6-12

FUTURISTIC CAR DESIGNS and prototypes shown at the SAE convention in Detroit, although very modernistic, bore an unmistakable resemblance to their 1961 ancestors. They would lead an observer to the conclusion that although cars of tomorrow may get shorter, more streamlined, be powered by new types of engines, and be made from new types of materials, basic size, shape, and capacity probably won't vary very much from today's models.

Detroit is making a major effort to devise new ways to get cars from one metropolitan area to another. Experts are concerned with ability of highway systems—even with new turnpikes—to handle ever-increasing traffic flow. Here are a few proposed solutions:

• General Motors planners came up with perhaps the most spectacular idea. A motion picture of their "Autoline" showed how relatively conventional vehicles could punch their destination into a console located next to a trough-shaped, single-lane highway stretching between two metropolitan areas. A computer would program the driver into traffic flow at the right moment by means of a spiral acceleration ramp. The cars would then speed along, bumper-to-bumper, at speeds approaching 200 mph. A GM spokesman said the concept could be brought to the prototype stage in two years—become an operating reality within 10 years.

• McLouth Steel Corp. introduced a four-passenger design that would be able to operate on conventional highways or on a special monorail. It would use the highway to reach the monorail terminal, then mount itself on a pod and be whisked away at high speed. The McLouth vehicle uses the unit body principle, employing stainless steel in body panels, pillar posts, and integral rocker panels.



McLouth Steel Corp. Car Design

• Westinghouse also recently attacked the "people movement" problem. The company proposed a high-speed electric highway system that would handle both autos (at 150 mph) and rapid transit commuters (at 75 mph). Flat bottom carriers would be placed on electrically driven rubber wheels placed about 20 ft. apart. The carriers would be guided by tracks on both sides and the spinning wheels would support and propel the carriers. Cars would be loaded at fixed stations, with each holding 10 cars plus lounge and restroom facilities.

• Ground effect machines (GEM's) that travel over the ground on a thin film of air instead of conventional tires also are also getting much attention. Because GEM's operate best over water, they are of particular interest to the military services for use in amphibious operations. Present wheeled assault craft have a maximum water speed of 9 knots and are relatively deep draft. Prototype GEM's have attained over-water speeds of 90 knots.

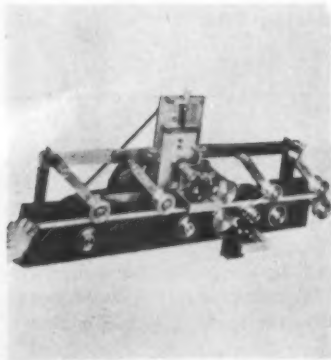
All types of GEM vehicles get their lift pressure and motivating force from conventional gas turbines. Where they basically differ is in the use of high-pressure or low-pressure air lift systems. Vehicles with low-pressure systems can maneuver over relatively rough terrain or water at a height of 1 to 2 ft, while high-pressure GEM's must operate on rails.

Ford Motor Co. is planning to build a multimillion dollar test track to evaluate its version, the Levepad. This vehicle is reported to have a high potential as a 300-mph passenger and freight carrier between such cities as Pittsburgh, Washington, and New York. Chrysler has been demonstrating its Aerocar for several years now.

• Monorails are expected to provide the most immediate answer to the short and medium haul transportation problem. Vehicles resembling single rail cars speed along on a single track. Some designs suspend the car from an overhead rail—while others use more conventional track underneath. Several U.S. cities have systems under consideration, and Disneyland (which can make decisions faster than most municipalities) is going full-speed ahead on a project to lengthen its existing ½ mile system.

Your Guide to New Products

(Continued from page 35)

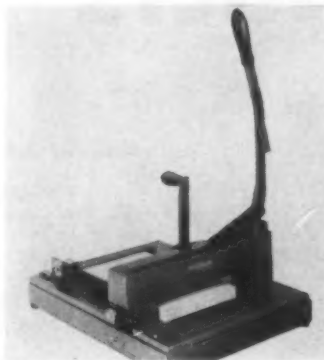


Tube Marker

Prints Without Blurring

Unit prints identification marks on rods and tubes of rigid and semi-rigid materials. Printing heads deliver clear imprints with no smudging or blurring. The marker can handle 3/8-in. to 3-in. tubing and also can be altered to suit other sizes. Tube feeding can be automated with optional equipment.

Price: \$2,485. **Delivery:** 8 wk.
Industrial Marking Equipment Co., 655 Berriman St., Brooklyn 8, N. Y. (PW, 2/6/61)

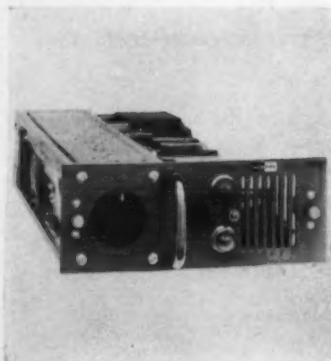


Paper Cutter

Clamps Without Wheel

Cutter clamps paper with lever for faster operation. One hand must be on clamp handle and one on blade handle to unlock safety latch automatically. Cutting width is 10 in. Other models are 14 in. and 18 in. An electric model is 15 in.

Price: \$119 (10 in.) to \$389 (18 in.), and \$650 (electric). **Delivery:** immediate.
Michael Lith Sales Corp., 145 W. 45th St., New York 36, N. Y. (PW, 2/6/61)



Amplifier

Gives Versatile Operation

Chopper-stabilized unit can be used as a general purpose, laboratory amplifier or as a preamplifier with precision d.c. and a.c. gain positions of 100. Output capability is ± 45 v. d.c. into a 10,000-ohm or greater load, 35 v. peak a.c. into 1,000 ohms or more.

Price: \$1,225. **Delivery:** 1 wk.
Cohu Electronics, Inc., Kin Tel Div., 5725 Kearny Villa Rd., Box 623, San Diego 12, Calif. (PW, 2/6/61)



Tapping Head

Fits Any Drill Press

Lead screw tapping head uses a drill press as power source only. Actuating lever, and stop and depth controls are integral parts. Unit drives taps up to 1/8 in. or as fine as #0. The lead screw carries the thrust while the tap only cuts the thread.

Price: \$138 (head), \$38 to \$49 (lead screw & split nut). **Delivery:** immediate.
Ettco Tool & Machine Co., 594 Johnson Ave., Brooklyn 37, N. Y. (PW, 2/6/61)

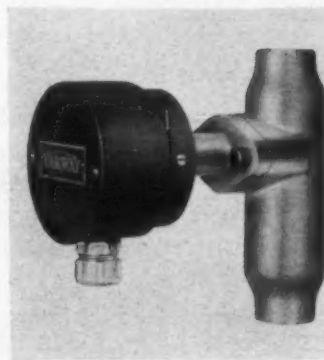


Air Sampler

Tests for Particles

Portable sampling units, a.c. or d.c. comes in 24-, 110-, and 220-v. models to sample large volumes of air for particulate matter by means of a filter pickup. It is designed for indoor and outdoor operation and has detected particles as small as 1/100-micron in diameter. Tripod is optional.

Price: \$136.50. **Delivery:** 7 to 14 days.
Staplex Co., 777 Fifth Ave., Brooklyn 32, N. Y. (PW, 2/6/61)

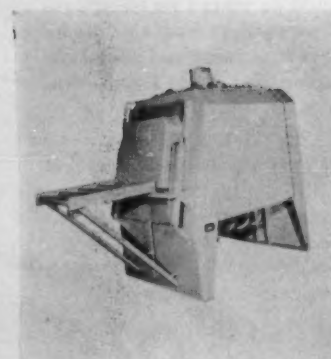


Sensing Device

Controls Process Variables

Unit detects or controls variables by means of a sensing element consisting of a flexible, curved tube containing a spring wire. Change in a variable will deflect the end of the tube, causing rotation of the wire which may indicate or operate a switch.

Price: Approx. \$35. **Delivery:** Approx. 4 wk.
Yarnall-Waring Co., 102 E. Mermaid Lane, Philadelphia 18, Pa. (PW, 2/6/61)

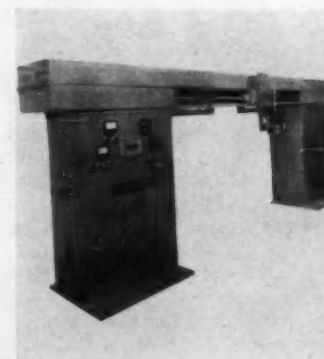


Box Furnace

Maintains Temperatures to 2,400 F

Controlled atmosphere box furnace maintains operating temperatures of 2,400 F in smaller units and 2,250 F in larger sizes. Units are available as gas fired, oil fired, or electrically heated units. Ceramic fan can drive atmosphere at 2,500 fpm.

Price: \$7,500 (24 in. x 36 in. x 18 in.). **Delivery:** 6 to 8 wk.
Ipsen Industries, Inc., P. O. Box 500, Rockford, Ill. (PW, 2/6/61)

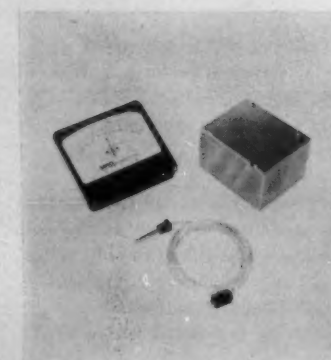


Hydraulic Traverse

Has Electronic Controls

Traverse's push-button, electronic controls give instantaneous carriage control. Reciprocating-motion units have maximum stroke lengths from 48 in. to 144 in. Carriage takes loads up to 400 lb. Stroke speeds adjust instantly from 0 to 240 fpm.

Price: \$10,000 to \$15,000. **Delivery:** 6 to 8 wk.
Jennings Machine Corp., 3452 Ludlow St., Philadelphia 4, Pa. (PW, 2/6/61)

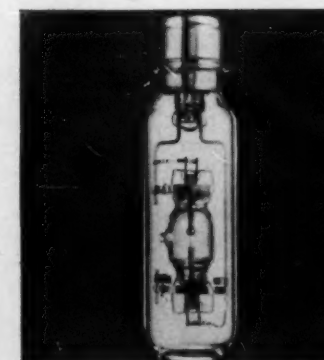


Meter

Reads Temperatures Remotely

Direct readout T-meter remotely reads temperatures in the range of 50 F to 150 F. Meter system adapts easily to measure gas temperature or surface temperature of solids. Special models are available for operation to 1,000 F.

Price: From \$250. **Delivery:** 30 days.
MHD Research, Inc., 1535 Monrovia Ave., Newport Beach, Calif. (PW, 2/6/61)



Short-Arc Lamp

Produces Light of 10,000 Lumens

Short-arc, mercury lamp has an arc brightness of 250 candles per sq. mm. The new lamp produces a light of 10,000 lumens. It is rated at 250 w. at 42.5 v. d.c. and has an average life of 250 hr. It can operate continuously without forced ventilation or maintenance during its rated life.

Price: \$80. **Delivery:** Approx. 2 wk.
Westinghouse Electric Corp., MacArthur Ave., Bloomfield, N. J. (PW, 2/6/61)



Tractor

Tows Trackless Trains

Drawbar-pull towing tractor is designed to push or pull freight and cargo of any type on trackless trains. Speeds range up to 14 mph. forward and reverse. The 5,600-lb. tractor has 2-speed transmission, torque converter, and short wheel base.

Price: \$3,515. **Delivery:** 7 days.
Minneapolis-Moline Co., Hopkins, Minn.
(PW, 2/6/61)



Oscillograph

Records on 2 Channels

Two-channel recorder is housed in 35-in. high cabinet for easy mobility. It has frequency response to 125 cps. within 3 db. at 10-mm. peak-to-peak amplitude. Gain stability is better than 1% over 20 C temperature changes and 20-v. power line variations. Maximum non-linearity is 0.25 mm.

Price: \$1,675. **Delivery:** 15 days.
Sanborn Co., 175 Wyman St., Waltham 54, Mass. (PW, 2/6/61)

Product Briefs

Plastic tape for electrical wire splicing remains flexible at temperatures as low as -50 F. The pressure sensitive tape will also remain serviceable under operating temperatures up to 180 F. Standard bulk rolls are available in 36-yd. lengths in widths from 1/4 in. Permacel, New Brunswick, N. J.

Pressure gage for critical fluid or pneumatic pressure applications is available in ranges from 0-15 psig. to 0-10,000 psig. A large 14-in. diameter green dial with white increments permits at-a-glance readings. Seegers Instrument Co., 515 W. Main Street, Barrington, Ill.

De-greaser packaged in aerosol can simply sprays on and wipes off with no washing or flushing. It quickly penetrates to loosen dirt and liquefy heavy greases and tars on electric motors. The non-toxic spray will not damage insulation and is nonflammable. Sprayon Products, Industrial Supply Div., 2075 E. 65th Street, Cleveland 3, Ohio.

Needle valve provides fine fluid control with continuous visual observation of flow. Made of glass and Teflon, it has a maximum orifice of .05 in. and works in vacuum applications down to 10⁻⁶ mm. of mercury. The threading process for the glass tube eliminates the need for conventional metal threads. Fischer & Porter Co., 720 Jacksonville Rd., Warminster, Pa.

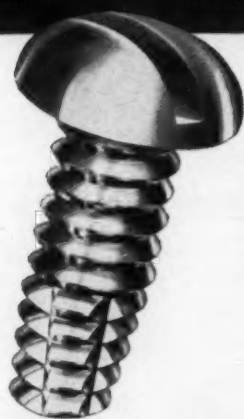
Mixer for steam and water provides instantaneous hot water without tank or heater. It hooks up to cold water and steam lines for direct mixing to the required temperature. It services areas where hot water would otherwise have to be piped. Conant Bros. Co., Inc., 427 Riverside Ave., Medford 55, Mass.

Temperature test chamber is a portable unit with a testing area of 8 cu. ft. It operates from -100 F to +750 F with accuracy of ±5 F. Heating and cooling rates are variable from 5 F to 200 F per minute depending on test load. Statham Instruments, Inc., 12401 W. Olympic Blvd., Los Angeles 64, Calif.

Terminal kit of connectors and fasteners contains 500 stampings. Chosen from standard types, the lugs and terminals are hot tinned for easy soldering and allow quick selection for experimentation or specification. Zierick Mfg. Corp., 110 Beechwood Ave., New Rochelle, N. Y.

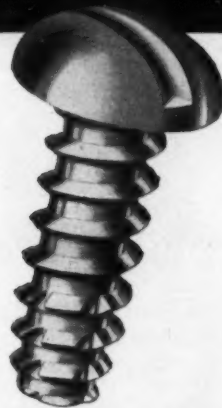
Got a problem that calls for thread-cutting screws?

PARKER-KALON offers three new, improved thread-cutting screws for every application in every material



1 New, Improved P-K Type F*

... hardened thread-cutting screws developed for use in friable, granular or brittle material. The pilot, with its five tapping flutes, cuts a machine screw thread as the screw is turned in. The Type F is ideal for making fastenings to ferrous and non-ferrous castings, bronze or brass forgings, heavy gage sheet metals, structural steels, plastics and resin-impregnated plywood.



2 "Pentap"... the new, Improved P-K Type B-F*

(formerly F-Z) combining the five thread-cutting flutes of the Type F screw with the coarse-pitch, widely-spaced threads of the P-K Type B. The thread-cutting "Pentap" Type B-F distributes cutting pressure evenly, lets chips drop to the bottom of the hole, and prevents cracking of material. It is designed for making fastenings to comparatively thin sections and bosses in friable and brittle plastics.



3 P-K® Type L†

... is a completely new and improved thread-cutting screw developed by Parker-Kalon especially for use in Nylon. The Type L functions as a combination thread-cutting and thread-forming screw in that it cuts a small amount of the Nylon to allow the full diameter threads to form. Type L offers a particular advantage in Nylon assemblies which must be disassembled for service, because the P-K Type L can be removed and replaced without stripping or galling.

The five cutting flutes on the new, improved P-K Type "F" and "BF" reduce pressure development by 80 percent! The completely formed threads on these screws have sharper cutting edges, and 5 deep flutes that are of continuous depth. These features make for better clearance of the accumulated material and assure minimum stresses in driving, and avoid the possibility of stripping or galling.



FOR SEMS... and Neoprene or Nylon washer STAPS® in thread-cutting and thread-forming tapping screws, or machine screws in any kind of pre-assembled fastener-washer combination. P-K can supply them, too!

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*Patent Pending 1U. S. Patent 2,350,346

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PARKER-KALON® fasteners

PARKER-KALON DIVISION, General American Transportation Corporation, Clifton, New Jersey • Offices and Warehouses in Chicago and Los Angeles

QUALITY IN STOCK

For You Mr. Purchasing Agent

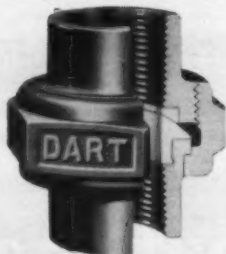
These top quality Fairbanks products are stocked, sold and recommended by leading distributors across the nation. Quality products give you more in service—reduce maintenance time and expense, cut inventory requirements. Immediate availability from your local distributor's stock, saves your valuable warehouse space, inventory cost and frees your working capital.

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Typical of the QUALITY found in this full line of Bronze and Iron Body Valves is Fairbanks patented Renewable Seat Ring Bronze Gate Valves which permit the replacement of the seat rings in a gate valve without ever removing the valve body from the line.



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For over 60 years a firm guarantee, that if one should leak through we will give you two, has insured the QUALITY of each and every Dart Union. Two bronze seats, ground to a true ball and socket joint, make a tight seal without jamming. Darts can be used over and over again.



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Fairbanks patented LOCKWELD construction has eliminated the king-pin in a swivel caster—providing stronger, easier swiveling, longer lasting QUALITY casters. Available in single ball race, regular duty, and double ball race, medium-heavy and heavy duty ratings.



FAIRBANKS "LAMILON" ALL-PLASTIC WHEELS

Now, standardize on one wheel for any section of your plant, obtain greater floor protection for all types of floors. LAMILON Wheels, on which patent is pending, are typical of Fairbanks QUALITY line of rubber tired, solid rubber and semi-steel wheels for casters and trucks.



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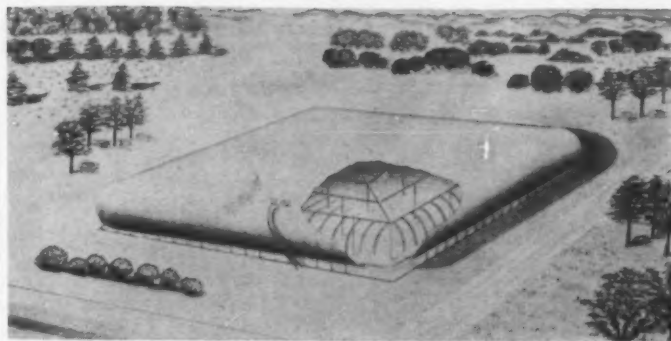
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234-6701

THE **Fairbanks** COMPANY



NEW TANK for petroleum storage can be field erected to match size of the lot. The steel tank holds 16% more than a comparable cylindrical design, according to Graver Tank & Mfg. Co., the builders.

Product News in Brief

Alton Box Licensed

Springfield, Mass.—Fome-Cor Corp. has licensed the Alton Box Board Co. to produce and market containers of Fomecor board, a lightweight foamed-plastic and paper sandwich.

The Fomecor board offers cushioning and insulation properties, and high compression strength when wet. These qualities make it suitable for use for packaging cut flowers, chemicals, frozen meats, delicate instruments, and similar items.

Alton's container division at Highland, Ill., will produce and market the containers.

Univac Capacity Doubled

New York—Remington Rand is offering present users of Univac File-Computers the opportunity of doubling data processing capacity at no increase in rental charges. The plan also enables users to purchase their rented computers at approximately 40% of the original list price.

The company will replace present magnetic storage drums of Model 1 File-Computers with a magnetic core memory having a capacity of 2,000, 12-character alpha-numeric words.

Terms of the replacement plan call for a two-year extension of the existing rental contract, dated from the time of installation of the magnetic core unit.

A purchasing arrangement, under the plan, provides for a three-, four-, or five-year deferred payment basis. Price of the Univac File-Computer system will be determined by the age of the equipment at time of purchase. The magnetic core will be available to a purchaser at a cost of approximately \$100,000.

IH Extends Warranty

Phoenix—Factory warranty on all new International Harvester trucks has been extended to cover 12,000 miles or 12 months, whichever is first.

The extension, effective Jan. 16, 1961, was announced at the national introduction here of a new C-line of International light-duty trucks by D. F. Kuntz, divisional sales manager of International's Motor Truck Div. It replaces previous warranty policies covering 4,000 miles or 90 days.

U.S. Proposes Revision

Washington—A proposed Simplified Practice Recommendation to reduce the number of standard stock sizes of flat, ground, tool steel stock by 53% has been circulated to the trade by the U. S. Dept. of Commerce.

The recommendation was developed at the request of the American Ground Flat Stock Assn. If a majority of the industry expresses approval, it will be officially issued by the department.

Copies of the recommendation are available without charge while the supply lasts from the Commodity Standards Div., U. S. Dept. of Commerce, Washington 25, D. C.

Develop Rotary Switch

Denver—A hermetically-sealed, cantilever-type contact has led to development of a rotary switch with no friction and highly resistant to vibration.

The Denver Div. of Hathaway Instruments, Inc., claims the switch has a longer rated life than any previously produced units.

The contact consists of two gold-plated magnetic wires suspended closely to each other in a glass envelope filled with nitrogen which holds them rigid at the correct spacing. When a "V" magnet is brought close to the bulb, with one pole adjacent to each wire, the wires assume opposite polarities and attract, thus closing the switch.

PCA Has New Paperboard

Evanston—Packaging Corp. of America has announced the production of a new paperboard of a homogenous blend of virgin pulpwoods, combining "quality of appearance, a fine printing surface, and purity of raw materials."

The paperboard's exterior surface is coated to assure ink hold-out characteristics necessary for precise printing. Rotogravure and offset printing both are reported to be particularly effective on the board.

In addition to carton use for food packaging, the paperboard is designed for manufacture of formed food plates and trays.

The blended board is in production at Packaging Corp.'s plant at Filer City, Mich. Board thicknesses range from .010 to .24 in.

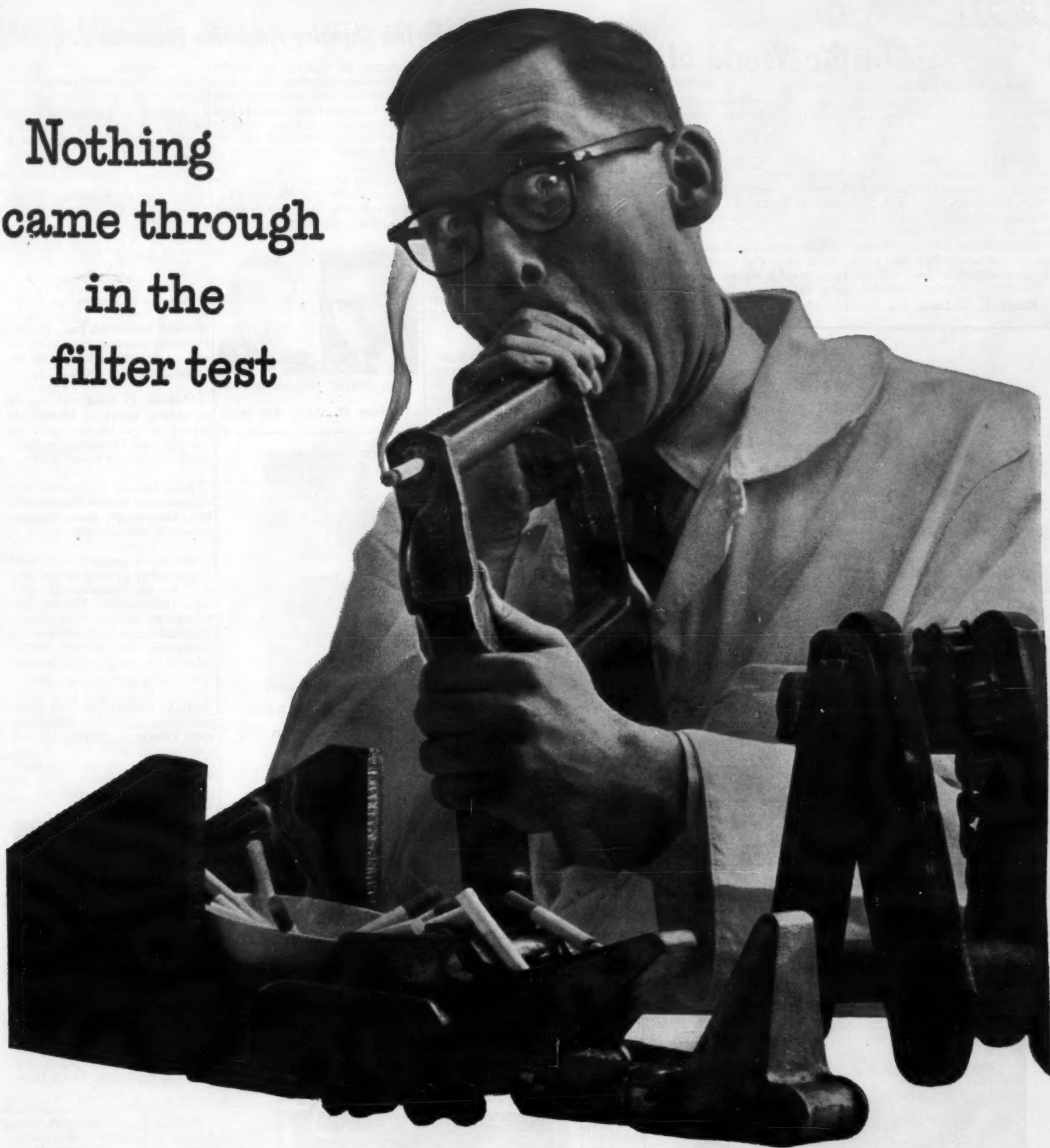
Walkie-Talkie Costs \$70

Tokyo—Iwata Electric Co. will retail a fully transistorized, miniature walkie-talkie in the United States for about \$70.

The 4 7/8 in. x 2 3/4 in. x 1 3/4 in. unit operates in the 27-mc band within a 10-mile range. It weighs only 12 oz. with eight 1.5-v. batteries and antenna.

The company will retail another model, similar in function but larger, for the same approximate price. It is 6 1/2 in. x 2 3/4 in. x 1-7/16 in. and weighs 1 lb.

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came through
in the
filter test



Filter tests may be fine for cigarettes, but don't prove a thing about chains.

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REX IS BEST...IN THE USER TEST

In the World of Sales

John J. Muckey has been appointed general sales manager, **Reisen Lumber Industries, Inc.**, Union, N. J.

Lloyd E. Arnold has been named Northwest division sales manager, **Consolidated Freightways**, Portland, Ore.; **Don McFadden** will succeed him as sales manager of the Oregon district, and **Jeff Larson** has been named sales manager for the Los Angeles terminal.

Ralph F. DeLuca has been

given the post of district sales manager, **Semiconductor Products Dept.**, General Electric Co., Los Angeles.

Charles O. Breitsprecher has moved up to assistant sales manager for industrial hydraulic sales, **Racine Hydraulics & Machinery, Inc.**, Racine, Wis.

Joseph E. Callahan has joined **Huck Mfg. Co.**, Detroit, as vice president in charge of sales. He was formerly with Radio Corporation of America.

Howard O. Morris has been elevated to director of sales research and **Henry A. Badgett** was promoted to assistant general sales manager, **McLean Trucking Co.**, Winston-Salem, N.C.

Morton C. Myers has been advanced to district director of sales, **Ray Miller, Inc.**, East Orange, N. J.

Charles A. Evans was given the newly created post of general sales manager, **Nuclear and Alloy Div.**, **Beryllium Corp.**, Reading, Pa.

Don L. Warner has been promoted to assistant sales manager, **Marsh Instrument Co.**, a division of **Colorado Oil & Gas Corp.**, Skokie, Ill.

This Changing Purchasing Profession . . .

Henry H. Calero has joined **Information Systems, Inc.**, Los Angeles, as purchasing manager of the **Computer Division**. He had been general supervisor, material department, **Marquardt Corp.**, Van Nuys, Calif.

Richard Grogan was promoted from assistant purchasing agent to purchasing agent, **Littelford Bros., Inc.**, Cincinnati.



H. H. CALERO RICHARD GROGAN

William H. White was made

state purchase and contract officer for **North Carolina**.

Andrew S. Thompson retired after nearly 42 years as purchasing agent for the **Columbus & Greenville Railway**, Columbus, Miss.

Charles E. Schiffler, former purchasing agent for **Caton-Hendler Paint Co., Inc.**, Kenmore, N. Y., joined the sales staff of **Schuele & Co.**, Buffalo, N. Y.

Norman F. Krause has moved up to director of purchasing at **Woodall Industries, Inc.**, Detroit. Formerly assistant purchasing director, he succeeds **George K. Geisbuhler**, who retired.

William P. Ford was named purchasing agent for **Illinois**. He served as purchasing agent for the **Chicago Housing Authority** the past five and a half years.

John Special, director of procurement for **Howell Instruments, Inc.**, Fort Worth, Tex., has been appointed factory manager.

W. J. Topmiller has been promoted to director of purchasing **P. R. Mallory & Co., Inc.**, Indianapolis. He succeeds **George C. Mercer**, who retired. Topmiller had been director of purchasing for **Mallory Metallurgical Co.**, a division, the last four years.

D. A. Griffith has been made purchasing agent for **Allis-Chalmers Pittsburgh Works**. He had been serving since 1954 as general manager of the **Pittsburgh Works**, from which post he recently asked to be relieved.



W. J. TOPMILLER D. A. GRIFFITH

Keith H. Brannan has been advanced to purchasing agent for the **Pacific Coast Div.**, **Colorado Fuel & Iron Corp.**, Oakland, Calif. He joined the firm in 1952 as assistant to the purchasing agent for the **Pacific Coast Division**.

William C. Underwood succeeds **J. A. Graham** as director of purchases for **Dayton Steel Foundry Co.**, Dayton, Ohio. Graham, who retired from the post after 32 years in that capacity, will continue as corporate secretary and a director of the firm.

Peter A. Stover, formerly chief mechanical engineer, was promoted to director of purchasing and stores, **Iowa Electric Light & Power Co.**, Cedar Rapids. He replaces **Marvin Wright** who retired after 25 years' service with the company.

Noble C. Hoag has been advanced from chief electronics buyer to assistant purchasing agent at **Consolidated Diesel Electric Corp.**, Stamford, Conn.

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FEDERAL

SHORT RUN STAMPINGS

Freddy Federal says: "Behind every Federal stamping quotation stand the cost-cutting resources of modern one-stop facilities . . . experienced craftsmen personally interested in your satisfaction . . . and a big stock of standard tools and fixtures available for use on your job without charge. You often save up to 80% on tooling costs at Federal! Most parts deburred without cost. Send us your print or part today for an airmailed quotation. If time is short, ask for reply by phone or wire. To get the most at the right price, always contact Federal!"

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FEDERAL SHORT RUN STAMPING, INC. 957 Lyell Avenue, Rochester 6, New York



EDMONT CASE No. 667: Operating a punch press, 10½ oz. cotton gloves lasted only 4 hours. Edmont recommended a vinyl-impregnated fabric glove (No. 152 Werx), which wore 24 hours, reducing glove costs 66%.

Outwears cotton gloves 6 to 1

In the case above, the job-fitted glove reduced costs from 6¢ per man-hour to 2¢. On many other operations, Werx gloves also replace goatskin and leather at 40% to 70% saving. Their vinyl-impregnated fabric gives sure grip, excellent dexterity and is 100% machine washable.

Free Test Offer to Listed Firms: Tell us your operation. From more than 50 impregnated and coated fabric gloves, we will recommend the correct style and send samples for job testing. Edmont Inc., 1254 Walnut Street, Coshocton, Ohio. In Canada, write Edmont Canada, Ltd., Cowansville, Quebec.

Edmont
JOB-FITTED GLOVES



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It's costly—in terms of machine time, man hours, overhead and customer dissatisfaction—to compromise on quality in Small Gearing for critical applications. You have no such worries when you order your Small Gears from G.S.—specialized equipment, specialized techniques and specialized, long-time experience assure properly designed, accurately cut Gears, produced to an unmatched standard of uniform accuracy. That means your production isn't slowed by rejects or imperfections—your product will operate smoothly and efficiently in the hands of your customers.

G.S. Internals like those illustrated above, for example, are cut to exacting specifications for such applications as air operated hoists, floor machines, radio equipment, navigating instruments and many other uses. If you use Internals—or any other type of Small Gearing—get G.S. in your picture!



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OF FRACTIONAL HORSEPOWER GEARING

Many Vendors Sidestep Duties, Panel Charges

Lansing, Mich.—Too many suppliers are putting the burden of follow-up on the buyer, a purchasing executive told members of the Purchasing Agents Assn. of Central Michigan.

"Instead of the vendor telling the customer what lead time they want, we should be telling our suppliers what we want them to do for us," said Glenn L. R. Baumhardt, NAPA District 4 vice president.

Baumhardt, director of purchases, Redmond Co., Inc., Owosso, Mich., was a member of a four-man panel that discussed cutting costs of intangibles.

Other Panelists

Other panelists included Leonard Butters, manager of purchasing and traffic, Union Steel Products Co., Albion, Mich.; Lewis A. Greene, purchasing manager, Aeroquip Corp., Jackson, Mich.; and Harold E. Fearon, Michigan State University, moderator.

Tackling the area of cutting costs through efficient expediting and follow-up, Baumhardt said costs resulting from long distance telephone calls or telegraph should be on a collect basis.

Similarly, he added, if the transit concern is at fault, then it should stand the expense of long-distance calls or emergency measures to get the material delivered.

First Contact—Salesman

"If a vendor missed his date," Baumhardt advised, "I believe our first contact should be with the salesman who solicits the business so that if the day comes when you have to drop a supplier for poor performance the salesman will readily understand why his concern has lost the business."

Baumhardt stressed that prevention is the best approach. He pinpointed establishing and agreeing upon dates that can be

met by the vendor as the basic rule in minimizing expediting costs.

Butters reminded Central Michigan members that true savings in purchased materials cost and/or the cost of purchasing can easily be made dramatic. "Just divide the savings by the percentage of profit on sales in your company," he said. "Thus a \$1000 saving is equal to the profit of \$20,000 of sales at 5%."

A change in his firm's method of handling the small local order

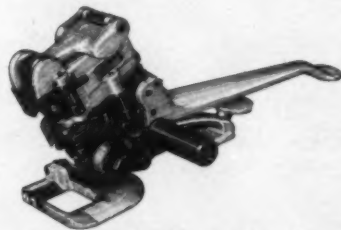
problem resulted in anticipated annual savings of \$10,000. Greene advised fellow purchasing agents.

Revision of Blanket Order

His company had used blanket orders for handling supply items (\$100 or less) from local suppliers. New method features use of requisition number as purchase order number and, as under previous method, requirements are phoned in—the supplier does not get a copy of the order.



FLORIDA ASSN. members heard J. E. Clark (l), P.A. Gulf Oil Corp., Atlanta, Ga., 7th dist. VASCO chairman, report on VASCO activities. George W. Spark, association public relations chairman, looks on.

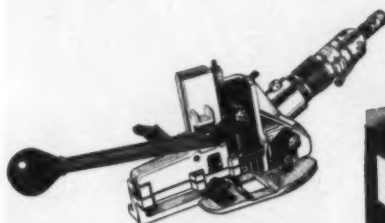


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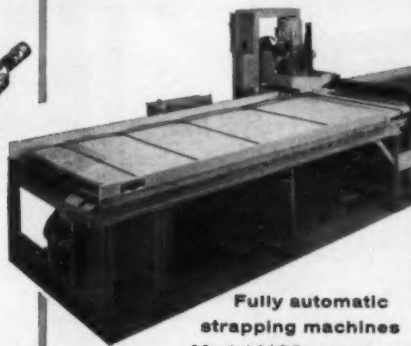


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Complete line of
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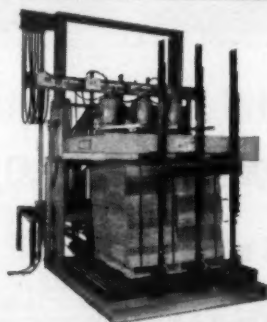
Air and electric power
portable strapping machines
AP and AE Series



Fully automatic
strapping machines
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The first air power feed wheel
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FN Series



First completely automatic
compression strapping machines
CSM Series



Heavy-duty
¾-inch pistol grip
air power sealers
Model RCNS



Air power tensioners, seals,
and severs the strapping
AMP Series

Virginia P.A.'s Discuss Professional Education, Value of Public Relations

Richmond, Va. — Panel discussions took the spotlight at the two-day winter meeting of the Old Dominion Purchasing Agents Assn. here.

Discussion at a professional development session centered on defining the concept of a professional organization. Panel members included Christian E. Grosser, who discussed "How Professional Development Can Benefit the Individual" and Dr. T. J. Horne, Virginia Polytechnic Institute, who spoke on "Professional Education—What Should It Be?"

A second panel dealt with the value of public relation. Panelists were Richard V. Hughes, purchasing agent, Reynolds Metals Co., moderator; Donald McCammond, director of public relations, Reynolds; G. Lloyd Nunnally, director of purchases and supply, Commonwealth of Virginia; and Mrs. Wilma Wilson, receptionist, Reynolds.

The program also featured a talk on "Applied Value Analysis," by Harold F. Robinett, purchasing agent, West Virginia Armature Co.

Make your product cost less to handle, store, ship and receive

Binding things together with steel strapping is a low cost way to eliminate individual handlings, save space, and prevent damage. These nine machines—part of the most complete line of

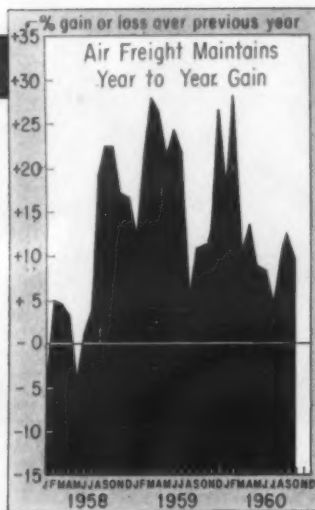
equipment in the steel strapping industry—create new ways to make your product cost less to handle, store, ship and receive. For additional information on any or all of these tools, write:



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P/W TRANSPORTATION MEMOS

STRIKE SNARLS CHARGES: The recent New York harbor strike raised a host of problems dealing with demurrage on carload shipments. The strike upset the normal 48-hour free time period for loading and unloading. Shippers or receivers of freight, whose schedules were upset by the strike, will be allowed to file for a refund in excess of \$3.13 per car per day. Refund claims must be made to the railroad within 30 working days of the end of the strike. Regular demurrage charges are \$4.00 per car per day for the first four days and \$8.00 per car per day thereafter.

TRUCK SAFETY: The ICC has warned interstate truckers that they cannot be excused from using qualified drivers and safe vehicles because of any terms in union contracts. The warning

applies to shippers operating their own trucks as well as common carriers. The ICC cautioned truckers for the second time in five months following investigations of accidents involving unqualified drivers.

REA WORRIES CARRIERS: REA's "Operation Boot Strap," to pull itself out of the red, is drawing protests from some common carriers. The carriers are protesting to the ICC against numerous applications for wider and new operating rights. The carriers are worried by REA's recent rate cuts in wearing apparel and its entry into the piggyback trailer pool business.

RAIL RATE SUSPENDED: The ICC has suspended proposed reductions on "freight of all kinds" with minimum weights of 40,000 lb. The rates, which were scheduled to become effective Jan. 14 from Eastern points to Chicago, are being investigated. Long-haul truckers have objected to the reductions proposed by the Eastern railroads, and said they would "further emasculate the boxcar all-freight rate structure in official territory."

CUBIC RULE EASED: Shippers of lightweight and bulky materials will benefit from a new rule by Luckenbach Steamship Co. The rule liberalizes the cubic measurement from 100 cu. ft. per 2,000 lb. to 150 cu. ft. per 2,000 lb.

RAIL-WATER DIFFERENTIAL: The ICC ordered a 6% differential in rates between piggyback service of the railroads and coastwise water rates of Pan Atlantic Steamship Corp. The commission required the railroads to maintain piggyback rates on competitive traffic "no lower than 6% above Sea Land Services rates so long as the latter are not increased above their present levels." According to the commission, rates of Seatrain Lines are based on a parity with Sea Land Service.

BUS SERVICE HALTED: The Greyhound Corp. has been ordered to cease operations involving pick up and delivery of parcels beyond its terminal area in Detroit. The corporation transports packages, incidental to its passenger business. The company, which sometimes performs same day terminal-to-terminal delivery service tied to its schedules, had arranged a collection and delivery set up with Bus Package Express Co. The Interstate Commerce Commission found this service to be unauthorized transportation.

WHISTLESTOPS: Alitalia has begun a twice weekly all-cargo service between New York and six European points. The airline is offering regular service to Shannon, Milan, Rome and Tripoli, Beirut and Teheran...

Cleveland Freight Lines has moved to a new terminal located at 1440 East 39th Street...

Admiral Transit Inc. has stepped up its freight schedules between the Twin Cities and Chicago. The firm now offers same day freight delivery between the two areas as a result of new equipment.

Need a better drive for a machine?



Ask your local Gates Engineer to show how Super HC Drives save space, weight, money

If the sheaves and V-belts of a machine need replacing or if a chain, gear or other type of drive isn't giving you good performance, your local Gates Field Engineer will be glad to help you. He can show you how to take full advantage of the many opportunities offered by Gates Super HC High Capacity Drives.

Ask him to design a drive for your machine two ways: A conventional V-belt drive and a new Gates Super HC High Capacity V-Belt Drive. A quick comparison will show you many of the important savings provided by the new Gates drive.

Industrial plants everywhere have standardized upon the Gates Super HC V-Belt Drive—industry's first and most advanced high capacity drive. It is your best assurance that your power transmission unit will not soon become obsolete.

Your local Gates Field Engineer is an experienced, fully-qualified drive design expert. Contact him for drive design help.

The Gates Rubber Company, Denver, Colorado

Gates Super HC Drives give you these benefits:

- Handles up to 3 times more horsepower than conventional V-belts in same space.
- Saves up to 50% in drive space.
- Reduces drive weight 20% and more.
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Exclusive design features include: precisely engineered arched top, concave sidewalls, Flex-Weave cover, super strength tensile construction.



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Rails Suffer Blow in 'Common Ownership' Fight

Washington — Railroads have suffered a setback in their drive for government sanction to own and operate competing forms of transportation.

The blow came from an Interstate Commerce Commission examiner which ruled against an application by the Illinois Central and Southern Pacific Railroads to buy the John I. Hay Co., a barge line operating along the Mississippi River and its tributaries.

The examiner said he would approve the application only if severe restrictions were placed on railroad operation of the barge line. The restrictions were so stringent it appeared doubtful the rail lines would agree to them.

The case—a major test of the so-called "common ownership" principle—is far from over, however. Examiner Hyman J. Blond's decision will be appealed to the full 11-man commission and may wind up eventually in the courts.

Even if the railroads should lose out in their appeals, the common ownership fight will be carried to Congress. The rail lines already are laying the groundwork for renewing their efforts to clear away legal restrictions on their authority to operate barge, truck and airlines.

The John I. Hay case finds shippers divided. The National Industrial Traffic League supports railroad ownership of the barge line and favors the common ownership principle generally. But shippers relying primarily on barge movements oppose the railroad application.

The American Trucking Assn., the Air Transport Assn. and barge lines competing against Hay also took strong stands against the railroads. All argued that approval of the application would set a precedent by giving railroads a free hand to engage in common ownership—a move which they claim would lead to railroad domination of the national transportation system.

The Illinois Central and Southern Pacific originally sought authority to buy Hay on Dec. 21,

1959, for \$9-million. Hay, which has been operating since 1928, is a major barge line, hauling principally iron and steel, non-ferrous metals, paper, grain, sugar and packaged chemicals on 2,500 miles of waterways stretching from the Great Lakes to Brownsville, Texas. It has major terminals at Chicago, St. Louis, and New Orleans.

Hay is a direct competitor of the Illinois Central, which operates the shortest rail line between Chicago and New Orleans. It also serves two major outlets in common with the Southern Pacific—St. Louis and New Orleans.

The railroads said they would continue Hay's operations under separate management, but would plow money into the barge line to strengthen its position and attract new traffic now handled by truck lines and other barge lines. They also said that they would gradually establish through routes and joint rail-barge rates for the benefit of shippers. But the two rail lines attached a significant limitation to this proposal.

Barge Operators Register Protest Against New Rail Rate for Alumina

Washington—Inland barge operators protested a proposed new rail rate on transportation of alumina from Kaiser bauxite reducing mills in Louisiana to an aluminum reduction mill in Ravenswood, W. Va.

Filed By Waterways Bureau

The protest was filed before the ICC by the Waterways Freight Bureau of Chicago, which charged that the proposed rail rate of \$5.35 per net ton was

substantially below the barge lines' out-of-pocket cost of \$5.99. They contended that the previous \$6.10 rail rate was itself low enough to keep most of the alumina out of river barges.

The railroads argued that Kaiser Aluminum Co. had threatened to use barges unless the present rail rate was reduced. Involved in the movement are about 400,000 a year of alumina or aluminum oxide, used in manufacturing aluminum.



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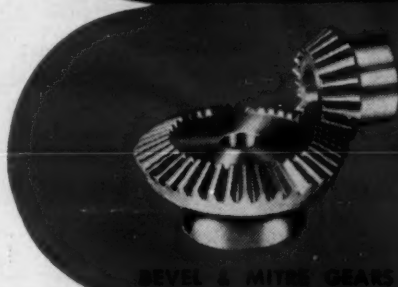
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Stop Crying and Face Challenges, Purchasing Expert Advises P.A.'s

St. Louis—Top management today, contrary to what some purchasing directors may think, is aware how important professionally trained purchasing personnel are to business success. But, have P.A.'s really met the challenge of their new responsibilities?

One of America's leading authorities on modern purchasing administration doesn't think so. James J. Ritterskamp, Jr., says "Many P.A.'s should stop crying that management doesn't appreciate them. They should get to work and make themselves management caliber. It is true some companies still treat their purchasing departments like clerical operations, but too many P.A.'s still act and think like clerks instead of professional purchasing executives."

Longtime Friend

Ritterskamp speaks as a longtime friend of P.A.'s. For 25 years, he has both bought and taught at Washington University in St. Louis, Mo., establishing a record of service to the profession as a teacher and active member of the NAPA, the Purchasing Agents Assn. of St. Louis, and the National Assn. of Educational Buyers.

Ritterskamp recently accepted the post of vice-president business affairs and treasurer of Illinois Institute of Technology and Armour Institute, Chicago.

In his job at Washington University he supervised the buying of \$3-million in supplies annually and managed \$1-million worth of physical maintenance. He handled the college's real estate investment program and supervised the bidding for nearly \$15-million in new construction during the past five years. Ritterskamp resigned as vice-chancellor for business affairs at the St. Louis college to assume the HT position.

While at Washington University he found time to help purchasing groups set up educational programs to develop the professional status he feels so necessary. One successful program he developed is "Night in Court," which he introduced in St. Louis two years ago to help P.A.'s avoid legal pitfalls. Similar programs have been adopted by a number of purchasing groups throughout the country.

'Much Remains to Be Done'

"Considerable progress has been made in upgrading purchasing to a professional status," he said. "Yet much remains to be done. The new professional development program of the NAPA (see PW, Dec. 19, '60, p. 1) a \$600,000 five year project—is the most encouraging yet. I like the idea of financing graduate fellowships and scholarships for purchasing research."

But, he continued, "we need more basic information on the cost of good procurement programs—what is the proper type of cost accounting? How much manpower and facilities are needed to develop good purchasing departments?"

"Another thing sadly missing are better yardsticks for determining efficient purchasing performance. It is difficult to evaluate the efficiency of a particular purchasing department.

I know, because I used to do quite a bit of it."

Ritterskamp was asked what yardsticks management should use to review performance of purchasing personnel. He named three:

(1) **The attitude of the P.A. and the department.** "Too often you find almost selfish, rather than team play. They feel they are treated as clerks so they act like clerks."

(2) **The purchasing department's involvement in over-all company operations.** "Does management look for and act on recommendations of their purchasing staff?"

(3) **The policies under which the purchasing department operates.** "What is the scope and



JAMES J. RITTERSKAMP

extent of buying authority, the function of the department in the use and preparation of specifications, quality determinations settlement of claims, and responsibility for receiving merchandise?"

If purchasing is to play an important role in management, the purchasing director "first must prove himself of management caliber," said Ritterskamp.

Foremost managerial quality is the ability to communicate. "This means many things: a friendly personality; ability to converse intelligently; ability to pick the other man's brains; ability to win friends for your company and, above all, establish a feeling of respect and trust among those with whom you are dealing within your company and with those with whom your company does business," he declared.

A big order? Yes, but necessary if P.A.'s want to become part of management. "I think the really able purchasing directors are winning more recognition today," he said. "But, I'm still disappointed that not more of them are rising to company presidencies such as sales and operating executives. I think the answer is that too few P.A.'s have achieved real management ability. As they do more will find the top desks of their companies waiting for them."

"If a man has management abilities, knowledge of data processing equipment also helps, although he can hire those who run the machines. The man must know every facet of his company and the part his department can play in making the other department of the company function the best."

Astronautical Authorities Foresee More Stress on Space Programs

Dallas—Increased emphasis in both the military and civilian space programs was predicted here at the American Astronautical Society's 7th annual meeting by Lt. Gen. B. A. Schriever, commander of the Air Research and Development Command.

Schriever and other space leaders, however, voiced the hope that the nation will "reappraise" its programs, and concentrate more on systems having capabilities of warning, communication and observation, rather than being preoccupied with "prestige" space shots.

New Developments

Meanwhile, there were various announcements during the meeting of new developments leading closer to the man-in-space dream. These included:

- Change Vought Corp. said it is installing within a few months a manned space flight simulator, a space environment simulator, and an automatic controls evaluation simulator. These three units, CV hopes, will be the beginning of a "space on earth" simulator center it plans. The company would use the units for its own work, as well as selling their use to government agencies and other firms on a time basis.

- The Martin Co. also revealed plans for building a Lunar Housing Simulator, which will duplicate living conditions in a lunar base.

- General Electric told of successful experiments in mixing a plastic foam to inflate a plastic covering under space-simulated conditions. The work could lead to emergency escape systems for manned space flights.

Schriever said the military still considers the reliability of electronic components one of its big

problems in its space program, and said he is hopeful the reliability factor can be increased by at least 10 or more.

Three Chance Vought men delivered a paper at the meeting which illustrates the tremendous costs involved in space projects.

They estimated a project for a manned lunar landing and return mission will cost \$3,068,000,000. The cost of repeating the mission after initial success will be \$200-million, they estimated.

Carbide Improves Refined Chrome, Cuts Prices

New York—Union Carbide Metals Co., div. of Union Carbide Corp., has improved the quality of refined chrome and at the same time lowered its price.

The changes have been made possible by the development of a new technique involving the introduction of oxygen into a standard electric furnace during the refining process. The method permits the company to tighten specifications for the chrome and to achieve production economies.

The refined chrome now contains 58% to 65% chromium.

The old specifications called for 53% to 63%. The carbon and silicon content of the refined chrome also has been lowered with the new process.

The improved chrome is priced at 21¢/lb. of chromium in the alloy, a reduction of 5¢. This price is for orders in carload lump bulk quantities. Quality, sizing, and packing differentials remain unchanged.

Refined chrome is used as a low-cost addition to stainless, aircraft, bearing and tool steels, steel castings, and cast iron.

The company also has set new specifications and lower prices for charge chrome, "simplex" low-carbon ferrochrome, and two grades of ferrochrome-silicon.

The improved charge chrome, which replaces two product grades previously sold by Union Carbide, has revised chromium, carbon, and silicon specifications. Its price has been reduced 2½¢ to 20¢/lb. of chromium in the alloy. Charge chrome is used for low-cost furnace addition of chromium in the production of stainless steel.

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Babcock & Wilcox Sets New Pricing System As Incentive to Distributors

Beaver Falls, Pa.—Babcock & Wilcox Co. has established a new price system for pipe weldings, fitting, and flanges that provides incentive discounts for distributors who order in large quantities.

It is not expected that distributors will pass on the savings to users of the fittings. However, the company hopes the new system will make it economically possible for distributors to maintain larger stocks, thus giving users improved service and faster deliveries.

Under the plan, a number of quantity pricing brackets have been created. The larger the dollar volume ordered by the distributor, the lower the unit price will be.

The new system would not affect the prices on orders totaling less than \$400. On such orders, the distributor would receive only his regular discount.

On an order of \$5,000, however, the distributor would receive a discount of 15% in addition of his regular discount. This compares with the flat 10% additional discount that distributors now receive on any order of more than \$400.

Seminar Held for P.A.'s

Portland, Ore.—The Purchasing Agents Assn. of Oregon is conducting an eight-week purchasing seminar at Multnomah College in Portland.

Charles Wright, Mercer Steel Co., is moderating the course. Other speakers will be Frederick Hodge, Portland General Electric Co.; Scott Foster, Tektronix; Al Sulman, Kaiser Gypsum; Arthur Venator, Swift & Co.; Winston Bunnell, Oregon Steel Mills; Wayne Rodman, Jantzen Knitting Mills; M. S. Miksch, Pacific Power & Light Co., and Leslie Deal, Pacific Machine & Tool Co.



CLEVELAND MEETING: Nearly 100 P.A.'s heard speakers (l-r) Dan Paskey, Cleveland Twist Drill; J. D. Williams, Mau Sherwood Supply.

Distributor Advises P.A.'s to Learn More About Firms They Deal With

Cleveland—A distributor accused P.A.'s of not knowing as much about the industrial supply salesman's firm as the salesman knows about the buyer's company.

Speaking at a meeting of the Cleveland Purchasing Agents Assn., John D. Williams, president, Mau-Sherwood Supply Co., Cleveland, pointed out that purchasing men could benefit if this knowledge were a two-way street. Williams, vice president of the

National Industrial Distributors Assn., briefed P.A.'s on the industrial distributor's function and outlined areas of that group's responsibility to purchasing. He said distributors serve purchasing as an effective medium for quality control in that they are the first to apply value analysis techniques to new products.

"The recent emphasis on performance standards show that industrial distributors have served in this function for years," Williams said. "They hold off the market those tools and materials which, by inspection and testing, are found not to measure up."

Association members also heard Dan R. Paskey, Cleveland area sales manager, Cleveland Twist Drill Co., explain how the cost of distribution would increase the P.A.'s purchased price for cutting tools if manufacturers were to sell directly.

The President of Swingline Shows:

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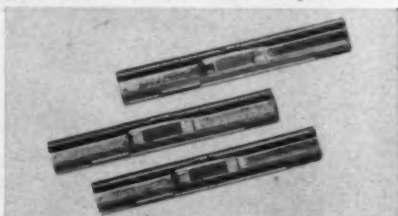
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Follow-Up: Letters And Comments

Ordering Scientifically

Fort Worth, Tex.

Your feature "How You can Order Scientifically" (PW, Jan. 16, '60, p. 17) is certainly interesting.

However, I got lost during Step IV because it appears that this system would cause the inventory to grow progressively bigger year by year.

In Item 4 of Step IV, it is indicated a \$75 order would be placed every month to cover \$50 a month of usage.

Assuming that this is an error, the penalty would be only \$32. and \$2 a year is a very small price to pay for absolute protection against shortages for a period of 10 or 11 months.

Budge V. Lee

● Please note that our article does not say you should order every month but tells what the correct order-size should be.

Frequency is a matter that's dependent on one's experience and judgment. Thus, for example, some of our Economic Order Value tables indicate that the order-size should be less than a month's supply—in which instance you'd be in a perpetual stock-out situation if you ordered once a month.

Kosher Turkey

Little Falls, N. J.

Turkeys — turkeys — turkeys! I've read so many items about turkey purchases (PW, Jan. 16, '61, "Follow-Up," p. 11) that I just can't help telling the world what we did here.

Kearfott purchased 6,500 turkeys that ran an average of between 13 lb. and 18 lb. Each one of our employees was given one of these as a Christmas gift.

However, we had one innovation wherein we purchased a number of kosher turkeys that were also given as a gift to our brethren.

H. M. Zimmermann
Director of Procurement
Kearfott Division
General Precision, Inc.

Owen's Professional Perspective

(Continued from page 22)

and customers for the material. Lets take them one by one as they apply to copper.

• **Labor Costs.** Most labor contracts in the U. S. copper industry today run through 1962, and no threats of major interruptions of supply are foreseen for overseas suppliers (though these cannot be ruled out because of the potentially explosive political situations in some countries). This means that there won't be any sudden upward cost pressures from higher wages until some time in 1962. You should take this into account in your planning. One way to do it is to keep a calendar of major labor contracts of suppliers, their expiration dates. Something like this appeared in P/W Jan. 2, '61, p. 14.

• **Production restrictions.** Most of the world producers of copper have agreed to reductions in production averaging 10% of output. Production cut-backs are probably a more realistic aid to market stability than price cuts, but not every industry is organized to restrict production, nor is it legal in the U. S. It will take two to three months before cut-backs at the mines have an effect at market supplies. You should keep a timetable for this kind of action, or for the general level of inventories on suppliers and users shelves. This sort of record would have given you a warning of the inventory glut in steel during 1960.

• **Undeveloped resources.** Copper reserves are not unlimited, and partly

because it is one of the older metals in use, much of the ore mined is low quality, with a high extraction cost, or high transportation to point of use. In the future, even poorer locations may be mined, but you must weigh this against the possibility of gains in exploration and mining technology. On other products, keep up to date on the plant capacity of major and potential suppliers.

• **New uses or substitutes.** This is a two-edged sword. Substitutes for copper, such as aluminum, have cut into copper's market. Every time there is a major shakeup in copper, the users' research departments are sent scurrying to find new substitutes for the metal.

My estimate is that the story of the effects of high and unstable copper prices in the middle and late '50s has yet to be fully written. And it won't be, until plans for using substitutes are off the drawing boards and in mass production. At the same time there may be new users coming onto the market, particularly the newly-developing countries which have a high demand for electrical products, wire and cable. You must know the other users of the commodity, as well as the suppliers. Again, continuous review of publications is the way.

The key to making sense out of all this information is a set routine for collecting and evaluating it. One man (or small group) should get the job for selected commodities. Put an assistant buyer on the job of making price charts, reading and clipping various publications, and generally keeping his ear to the ground. He can't do this chained to a desk; he has to get out and meet people in the industry, talk to suppliers and other users of the commodity. The old grapevine is a handy source of information.

Another thing to look for is cost information on suppliers. You can often predict the amount of a price increase by knowing the portion of total cost that labor makes up if there's a new wage contract in the offing. This can be carried through several stages—for example, to calculate the effect that copper prices have on brass and bronze prices you have to know the amount of copper in the alloy.

Now what should the P.A. do with this information? In my experience it is necessary to have regular reviews with the commodity specialist. This way he can keep the top purchasing man in-

Justice Dept. Studies 3 Big Rail Mergers

Washington—The sweeping trend toward railroad mergers has aroused the concern of the Justice Dept.'s antitrust division. It has asked for and received permission from the Interstate Commerce Commission to intervene in three of the biggest proposed rail consolidations.

ICC last month allowed the department to become a participant in hearings on rival bids by the Chesapeake & Ohio and New York Central for control of the Baltimore & Ohio. Now the department is intervening in the contest between the Santa Fe and Southern Pacific for control of the Western Pacific and in merger plans of the Atlantic Coast Line and Seaboard.

The Justice Dept. has no direct jurisdiction over railroad mergers because they are subject to special treatment under the antitrust and interstate commerce laws. ICC is the agency which must approve or disapprove. It can permit mergers even though they tend to lessen competition if it finds them desirable in furthering the transportation policy.

The Justice Dept., however, can intervene in hearings to present its views on what effects rail mergers will have on competition. It can also appeal ICC's ultimate decisions to the courts if it believes the commission did not give sufficient weight to antitrust aspects.

The department's intervention in the three current cases does not mean necessarily that it will try to block the mergers. Both Congress and ICC have been encouraging the merger trend. In several recent cases ICC has held that mergers it approved did not threaten competition because ample competition remained from trucks, barge lines, and other railroads.

However, the three mergers in which the Justice Dept. is interested would lead to formation of three of the largest rail lines in the nation. In its petitions of intervention, the department gave no hint of its position; it merely noted that it shares responsibility for antitrust enforcement and wanted to protect its interest to the extent that "such interest may be developed."

Two Truckers' Groups to Confront Shippers With Added-Charge Plans

Chicago—Two motor freight rate-making groups are readying some added-charge headaches for shippers.

• **Eastern Central Motor Carriers Assn.** followed through on its proposed plan to ask ICC approval of small shipment charges.

• **Central States Motor Freight Bureau** held a public hearing in Chicago on a proposal to place an interim surcharge of \$1 on all shipments.

The Eastern group's plan provides for a sliding scale of charges on shipments under 300 lb. and a flat 20¢/lb. above the present rates on shipments of 300-999 lb. For under 300-lb. shipments:

0-49 lb.—	\$6.50
50-99 lb.—	6.50
100-149 lb.—	6.70
150-199 lb.—	7.50
200-249 lb.—	8.95
250-299 lb.—	10.90

formed of the price outlook. Then, if the commodity makes up a large portion of materials expense, the P.A. should pass this information on to top management, preferably in a monthly "materials outlook" digest. This should give a quick summary of the price outlook in each of your major purchase items.

At this stage you plunge into financial considerations that need the treasurer's advice. Suppose the P.A. thinks that current copper prices are likely to go lower before they recover. The thing to do is buy in as small a quantity as possible. But it may not be possible to avoid purchasing copper at a higher price than the market price on the day it is delivered because prices are falling. This results in a paper loss of your inventory value, and you can expect the financial people to want to keep this to a minimum.

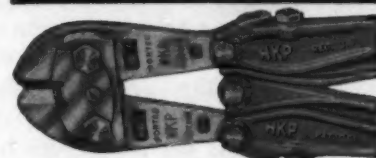
A sophisticated way to get around this is to "hedge" on the futures market for copper, lead, zinc, rubber, hides, cotton, and other agricultural commodities. In times of falling prices, you sell futures, and then hope to buy your requirements later on at a lower price. If you expect the price to rise, buy futures. This isn't a device to make speculative profits, but a way to protect yourself against price fluctuations. It is a pretty technical operation so you will need the assistance of a broker. For more information, look at P/W Aug. 22, '60, pp. 16 and 17.

The small shipments rates were scheduled to be published in the tariffs of the association after Feb. 2. However, shipper protests are expected before the March 2 date on which they would become effective. This will assure at least a seven-month delay while the ICC makes an examination of the proposed rates. The rates would supersede a present \$1 surcharge on shipments under 1,000 lb.

Central States' move to put a surcharge on all shipments differs from recent proposals by other rate bureaus which generally call for added charges on small shipments only.

The Central States group covers shipments moving within and between Illinois, Indiana, Iowa, Northern Kentucky, lower Michigan, Missouri, Buffalo area of New York, Ohio, western Pennsylvania, northwest portion of West Virginia, eastern and southern Wisconsin.

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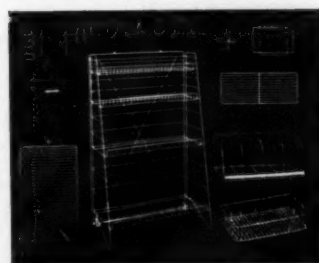
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HELLER ROBERTS
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New Sales Peak Seen for Electronic Products

New York—Electronic products are headed for a banner year. McGraw-Hill's *Electronics* magazine sees domestic manufacturers' shipments hitting \$11.4-billion this year, a significant 11% above last year, despite competition from abroad.

Biggest increase is seen for military and space equipment sales, which are expected to soar to \$5.9-billion—13% above 1960.

On a percentage basis the sharpest increase will be racked up by industrial equipment as

the trend toward electric computer use and automation accelerates. This year, sales are targeted at \$2.2-billion—22% above last year's level.

According to the magazine, the only segment not expected to show any significant gain is consumer-type electronics. Part of the reason is the current business slowdown which is affecting sales of television, radio, and phonograph equipment. Another part stems from foreign competition which is most acute in this field. Robert C. Sprague,

board chairman of Sprague Electric Co., writing in the magazine, points out that in 1959 Japan captured 50% of the American market for transistor radios.

Could Spread

Sprague feels this competition could also spread to other areas. He notes that the Electronics Industries Assn. now thinks that the recent import flood from Japan represents the first wave of a general electronics assault—one that could hit the entire electronics industry.

Demand Hike by Secondary Smelters Strengthens Scrap Aluminum Prices

New York—A pickup in demand from secondary smelters is firming aluminum scrap prices—despite a drop in exports which had been this material's major support in recent months.

"We're practically out of the market in some grades," says Warner Kob, aluminum scrap export man for Associated Metals & Minerals Corp. "We get 15 3/4¢/lb. for mixed low copper clippings for export, but with domestic dealers getting 16¢/lb.

and more in the East and Midwest, we can't compete with them for scrap."

Both mixed low copper clippings and clean mixed clippings have gone up 1/2¢/lb. over the past several days, according to scrap dealers.

These two grades have led the firming trend, but strengthening is noticeable generally among all aluminum scrap categories.

"We may have turned the corner on the oversupply of aluminum scrap," observed the spokesman for a large smelter operating in the East and Midwest. "Smelters have been keeping their inventories low, and, with the reduction in scrap generated by fabricators because of slow business, supply is in better balance with demand."

Some dealers and a few secondary smelters point to the weather as the major firming factor in aluminum scrap prices.

"The cold and snow is slowing down dismantling in the yards and deliveries to customers," said one dealer, "so smelters have to pay a little more to get the scrap when they want it."

"Whether this pickup will last after the cold spell," commented an official of a dealer-smelter firm, "depends on how the final demand from automobiles and construction works out. Personally I think that now is a good time for P.A.'s to sell their scrap."

ONE KEY TO COST CONTROL IN '61

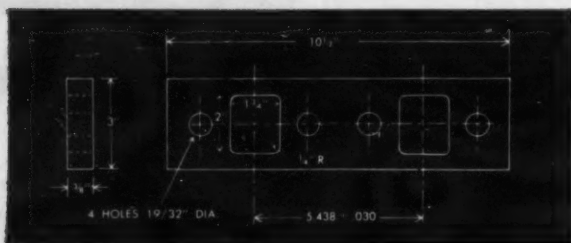
Savings like these through Metalogics*

As part of your purchasing function, you're naturally searching for ways to contribute to the overall profitability of your company.

The following examples are typical of how Ryerson Metalogics sparks real savings for hundreds of companies—by helping them search out new materials, new methods and new machines to do the job better.

Your Ryerson representative is "Metalogics-trained" to help you value-analyze selection, fabrication and application problems. Get his constructive ideas soon, and see how he can help you select and apply material from our vast stocks. It's the "Metalogical" thing to do.

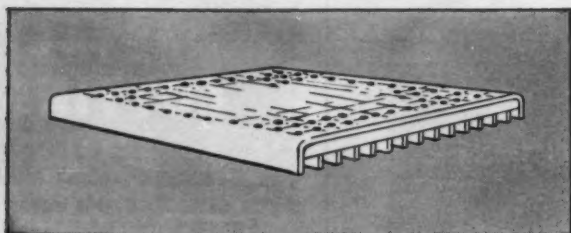
*The Ryerson science of giving optimum value for every purchasing dollar.



Saved: \$100 per thousand

PROBLEM: Muffler manufacturer required accurately finished mounting plates made from 3/4" x 3" bar. Cutting bars to size, burning 1 3/4" x 2" holes and drilling four 19/32" holes proved time-consuming and expensive.

SOLUTION: Ryerson recommended that they eliminate cutting, burning and drilling operations by stamping the part from Ryerson forming-quality plate. One operation instead of three cut costs \$100 per thousand pieces and quickly justified the small initial investment in dies.



Suggestion saves 85%

ASKED FOR: Customer wanted 1" hot rolled plate to cover about 80' of 24" open trench. Plate was to be cut into 24" x 27" segments—each containing 900 3/4" holes to filter the product.

RECOMMENDED: After studying application and costs, Ryerson recommended a design combining perforated light plate, formed to channel shape, and grating for structural support. Ryerson's experience and imagination saved 85% of the original cost.

Machine cut rings solve problem

PLATES REQUESTED: Ryerson was asked to bid on supplying 1/4" Type 410 stainless in 27 1/2" square plates. Material was to be used for orifice plates for 16" burner, subjected to elevated temperatures.

RINGS RECOMMENDED: Going beyond material specs, the Ryerson representative found that the customer intended to cut plate into 27 1/2" diameter length with 13.120" bore—and then mill 12 slots in outer diameter for expansion relief. Knowing the application, Ryerson recommended supplying machine-cut rings in which slots could then be punched rather than milled. Production savings enabled switching to Type 304 at less cost than Type 410 with slots milled.



2 metalworking machines for the price of 1

A fabricator of stainless steel kitchen equipment was recently in the market for a new squaring shear. The one under consideration had a gap-type frame which would enable him to do an important notching operation—necessary for certain sink tops. After careful study, a Ryerson machinery specialist recommended two pieces of equipment instead of one at no increase in total cost. The first, an under-driven shear. The second, a universal-type sheet metalworking machine that would do the required notching, plus many other jobs—adding versatility to the entire operation.

Production upped 30%

BEFORE: Job shop was using MT 1015 tubing in the manufacture of this coupling. Machinability was satisfactory, but rising costs of operation led to a search for ways to economize.

AFTER: Careful study by the Ryerson representative brought about a change in material. He recommended using Ledloy® 170 tubing, which increased machining speed to 170 sfm and stepped up production 30%. Ryerson's stocks include the widest range of fast-machining alloys.



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Water Cargo Rates Cut On Wide Flange Beams

Los Angeles—A \$4/ton rate cut is going into effect for wide flange beams shipped by water from Atlantic ports to the West Coast.

The Intercoastal Steamship Freight Assn., in announcing the cut, emphasizes that it only applies to wide flange beams—with other steel commodities unaffected.

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67—3/4"	do	17.40 E-50
181—1"	do	23.50 E-50
1—1 1/4"	do	23.50 E-50
64—1 1/2"	do	29.00 E-50
97—2"	do	40.00 E-50
1—2 1/2"	do	44.00 E-50
13—1 1/2"	Fig. 98 do Flanged 35.20 E-50	
1—2"	do	40.00 E-50
10—2 1/2"	do	44.00 E-50
1—3"	do	52.40 E-50

Job Niagara Falls, N. Y., freight allowed on 500 lbs.

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Purchasing Hits Top-Ranking Status in AMA

(Continued from page 1)
has been a management consultant, general manager of the Birmingham, Ala., Division of the Essex Wire Corp., and manager of manufacturing, Hanson-Van Winkle-Munning. He will prepare the AMA program, arrange for speakers, and participate in various research efforts on purchasing management.

50 Seminars for 1961

AMA plans call for a big expansion of its coverage of the purchasing field. At least 50 seminars are scheduled for 1961, including some areas never covered when Purchasing was under the AMA Manufacturing Division. Now on the program are such traditional problem areas as value analysis and department organization and also new high level subjects such as budgeting, cost and performance measurement, trade relations, government procurement, material forecasting, decision making, negotiations, trade relations, and buyer motivation and skills.

The division also plans to present, for the first time, a top purchasing management course and a national conference on purchasing and materials management. "These AMA sessions are designed to benefit the whole

management spectrum," said David J. Secunda, AMA vice president and general manager, "but they will not compete with university or other academic approaches to purchasing methods. They are being created for the executive who is fully qualified academically and who wants and needs practical managerial techniques that can be put to use in day-to-day purchasing operations. These include executives with departments ranging in size from five to fifty or more people," he explained. "The essence of the AMA is exchange of experience. Learning from other purchasing executives who face similar problems is the most effective method for improving individual managerial standards."

Three Methods

Farmer told PURCHASING WEEK that the AMA's approach included three training-session methods—the orientation, the workshop and the conference—all designed to carry on development at different levels of experience. The orientation course will consist of lecture by authorities in such fields as materials management, data processing, equipment leasing, and the like.

Workshops will be tailored specifically toward the interests

of the men attending. AMA recently ran workshops on make or buy, performance measurement, and organization of the purchasing department.

Conferences, says Farmer, will introduce new concepts, such as materials management, to the field, and reflect opinion from a wide range of purchasing managers. Farmer plans to hold the division's first conference next year.

To Tape Talks

To supplement its program the AMA will run video-tapes of some talks given by leading management experts at the AMA sessions. AMA will be able to assemble a program using selected tapes, and custom-build a presentation on a wide range of subjects. These tapes could then be shown on closed circuit TV, or loaned out to individual companies, Farmer pointed out.

The AMA program parallels to some extent the \$600,000 NAPA Professional Development program announced last November. The plan outlined by NAPA President Boney calls for a greatly expanded program of seminars, and for funds to endow university chairs of purchasing, and to grant research fellowships.

Pleased With AMA Program

Despite the potential competition in purchasing management education, NAPA sources were pleased with the general approach that AMA had taken. Said Boney, "Purchasing has been lost whenever top management looked at the AMA Manufacturing Division. Purchasing courses were buried in the program, lost in the shuffle. Now it sticks right up where top management can see it."

This emphasis said Boney, will help Purchasing get recognition as a professional function that deserves the best in training through both organizations. "We are for anything that is good for the purchasing profession, AMA or otherwise and naturally we are glad to see them create a division for purchasing."

Boney discounted rumors that the duplication between the AMA and NAPA programs might cause the latter to make some changes in the proposed Professional Development Program. "There is plenty of room for all of us. There is a need for education from as many groups as possible," he asserted.

NAPA intends to stick to its basic plan as Boney declared, although "we may shift emphasis from one area to another."

Close Cooperation

The proposed program will be discussed at NAPA meetings this month and at the Executive Committee meeting in March. In addition, NAPA plans to discuss its program with AMA officials.

"We have always worked closely with AMA," Secretary G. Howard Ahl told PURCHASING WEEK. "For example, we recommend instructors to them." Boney also stressed the close cooperation between the two associations, pointing out that a number of NAPA officers were members of the planning group that set up the AMA Purchasing Division.

This Week's

Purchasing Perspective

FEB. 6-12

(Continued from page 1)

• **The winter has been bleak**, auto sales are down, steel is slumping, construction has stalled, freight movement has been slow—but a change in the season could bring a change economically.

• **Inventories have been sliding** for months, but now even purchasing agents admit they're decelerating their stockcutting and hint in an NAPA Business Survey Report that the recession may at last be bottoming out.

• **One of the nation's best-known economists** asserts that P.A.'s, who last year discovered the high cost of maintaining inventory, may discover in the last half of 1961 the high cost of not carrying inventory.

• **A Sure rise in defense orders** will filter through much of industry, and although the harassing unemployment problem won't be solved immediately, some slack in the work force will be tightened.

• • •

McGraw-Hill economists sum up the situation this way: You haven't yet seen the last of flagging business activity, but any notion that business is falling to pieces is exaggerated. Over the next few months the key sources of lift for business will be: a turnaround in inventories, increased defense orders, and a high and rising level of personal income.

It may be a bit early, but mark Memorial Day on your calendars as a checkpoint for a business turnaround.

• • •

Are prices firming? For some companies they are. A major Eastern manufacturer of instruments told P/W last week that his supplier prices had been firming for the last four months with list prices at the "real" level in most cases.

Some steel producers agree that their raw material prices—except for possibly metallurgical coal—are steady. Refractory makers have been trying to enforce higher prices, but their big customers have kept the lid on—at least for now. A major electrical equipment maker finds its biggest price variables in distributor-supplied items, but raw materials are "pretty steady."

• • •

Sikorsky Aircraft called in 100 suppliers last week for a day-long symposium on cost-cutting and evaluation. **Sikorsky keeps its prices in line by sending purchasing-accounting teams to vendors and suppliers to examine overhead, material purchases and other cost factors.**

• • •

Chrysler Posts Watchdog Committee To Rule Employee-Supplier Relations

(Continued from page 1)

ployees tightens restrictions on dealings by company officials by requiring them to obtain committee clearance if personal or family holdings in outside firms exceeds \$10,000 and or represents more than 1/10 of 1% of shares outstanding.

The action stems from the Chrysler top management shake-up that occurred last summer when President William C. Newberg resigned under fire for profiting to the extent of nearly \$500,000 from his interest in several supplier firms.

Following Newberg's resignation and the dismissal of one other top executive, a New York law firm headed by former New York Gov. Thomas E. Dewey cleared all remaining officials. But a series of law suits developed (including two within recent weeks), and the automaker has been struggling to work out a formula for straightening out future supplier relations policies.

The newly appointed committee will allow Chrysler employees to hold interests in other companies only if it can be satisfied no conflicts will develop. A directive issued last month was

similar to a previous policy established in November, 1958, but the former was less specific and provided no strict method of policing its terms.

The committee is headed by Chrysler's top attorney, J. Paul Smith, and is required to report quarterly to the board's finance committee. A spokesman said the company's top purchasing man, Vice President B. W. Bogan, was not a member of the committee.

In specifying what Chrysler executives and employees can and can not do, the new directive exempted securities of banks, public utilities, mutual or investment companies, and transportation companies other than motor carriers because those activities are regulated by the government. The directive also stipulated that all offers of personal benefit, such as business gifts, "beyond normal business courtesies" must be reported to the committee.

Recipients of the directive were all Chrysler employees having contacts with other companies. The yardsticks it laid down were essentially those used by Dewey's law firm in its conflict-of-interest inquiries last year.

Truckers Shoot for Rate Increases To Cover Teamster Wage Boosts

(Continued from page 1)

union wage increases just won in that area.

The pattern of Teamster wage increases was set last month with Midwest truckers who agreed to three-year contracts providing for a wage benefit package totaling 42¢, including 28¢ in direct pay boosts starting Feb. 1 (see PW, Jan. 30, p. 1). Truckers said they would be forced to seek higher rates to help pay the higher labor bill as soon as possible.

But stiff resistance by shipper groups is expected at hearings to be held before the rates are put up for Interstate Commerce Commission action.

Rate Breakdown

Here is how the Eastern Central group in Akron breaks down its general rate proposals:

1. A 10% boost on all presently effective and approved LCL and any-quantity rates and charges. 2. A 5% increase on all truckload volume and commodity rates. 3. A 10% increase in all accessoril charges.

The Eastern Central executive group expects to present these proposals to its general rate committee at a special meeting in Cleveland late this month with a public hearing scheduled the same day, according to the association's general manager, Everett Russell.

Russell said those increases will be related to the sliding scale proposal on small shipments already approved by its membership and due to be published Feb. 15 (see story p. 47).

Moving even faster in Chicago, the Central States bureau said its flat 12% rate hike proposal will not call for a differential between LCL and truckload rates. If approved, the bureau will issue a recommended disposition to be-

come final in 10 days—provided there are no carrier objections. Shippers then will have 30 days to file protests which could win an ICC suspension for seven months.

Illegal Hauling Attacked

Washington — The common carrier trucking industry has declared war on "bogus operators," including shipping co-ops, which provide freight transportation service without legal authority to do so.

Three major truck organizations filed formal complaints with the Interstate Commerce Commission alleging that 12 companies, 28 individuals, and 137 shippers were engaged in illegal activities.

The complaints were made by two conferences of the American Trucking Assn. and by the National Motor Freight Traffic Assn. A spokesman said the regulated carriers were "irked by years of seeing high-rated volume traffic slip into unregulated channels." He said other complaints will be filed "as rapidly as the facts can be assembled."

The complaints charged that the individuals and companies operated illegally as (1) for-hire carriers without proper authority, (2) brokers of motor transportation without licenses, or (3) freight forwarders without proper authority.

Three of the complaints were aimed at Charter Oak Shippers Cooperative Assn., Inc., West Hartford, Conn.; Columbia Shippers Assn. and Duane F. Barnes, its general agent, both of Philadelphia; and Shippers Cooperative Assn., Inc., of Indianapolis, and 137 shippers of various commodities who were purported to be members of the association.

P.A.'s Use Varied Methods to Clinch Best Deal

(Continued from page 1)
are by no means being abandoned.

• **Hitting nonprice factors.** Inability to count on stable prices has led to renewed emphasis on other purchasing responsibilities, such as quality, service, and transportation costs.

• **Cost analysis.** Many P.A.'s now make an estimate of supplier costs, for use as a starting point in negotiating price.

• **Seeking new ideas.** Numerous P.A.'s keep an alert watch for new techniques and products that not only will speed up their own production and make it more efficient, but do the same for supplier.

• **Special deals.** Hard bargaining and concerted efforts to get "extras" (such as discounts and service) from vendors are coming into increasing play.

• **Enlarging the supplier stable.** A lot of P.A.'s feel this is a time for "shopping around" rather than sticking to the traditional supply channels.

• **Hedging.** Use of futures markets to protect against price changes also is on the rise.

These are the main techniques, and it can readily be seen that dollars-and-cents figures are not the only criterion for making the best possible deal. As a P.A. at a big electrical manufacturing plant put it: "You can't possibly know that you've got the best possible price. There are 50 different things to consider, when making a purchase, and they all have a bearing on price."

Closer teamwork with suppliers is a technique that's becoming increasingly popular in these days of market uncertainty. "Getting more and more integrated with our suppliers" is the way the purchasing vice president of a major machinery firm put it.

"We are now firmly committed to a policy of trying to keep prices down by helping our suppliers cut their costs," he said. "We expect supplier cooperation

and are making this one of the yardsticks to determine who gets our business."

At Bell & Howell, P. A. Stuart Knabe seconded the feeling that cooperation is the only program that really pays off in the long run. "If purchasing really wanted to put the pressure on, we easily could squeeze out another nickel," said Knabe. "But this sort of thing doesn't do any good over the long run. The vendor has to make a living, and if you don't let him, he won't be around to help you when things are different."

'No Holds Barred'

A purchasing executive of a big steel company took a more middle-of-the-road view on vendor relations. "While we don't try to chisel on actual prices we pay, there are no holds barred in getting our suppliers to exercise their ingenuity," he said.

But he confirmed that the call for ingenuity carried an implied threat of suppliers losing business if they kept doing things the same old way and at the same old prices. "We tell them frankly, such and such is costing too much. Find some way to perform the work cheaper but just as well. It pays off for us," he said.

At the other end of the line is the whip-cracking school which holds that it's fitting and proper to play the buyer's market for all it's worth. This view was summed up by the purchasing director of a giant building material outfit. "Today's market requires less sympathy for the problems of the supplier and more demand on him to meet competitive prices," he said.

Informal 'Intelligence'

An informal "intelligence" service is the technique used by a group of St. Louis P.A.'s to "get all they can" out of suppliers. A P.A. for a large metal products company explained it this way: "I compare notes with other purchasing friends. We meet regularly and tip each other off on what we paid last on such volume items as steel, copper, stampings, fasteners, etc. The

resulting savings are substantial."

The trend toward use of spot contracts hinges on the fact that they enable the P.A. to buy when the price is low and then accept delivery one, two or three months later as materials are required. It's a growing favorite among buyers in chemicals, metals, and building materials right now.

But not all purchasing men are abandoning their long-term contracts. Thus, the purchasing director of a large New York-based chemical company noted, "Current competition being what it is, we can just about write our own contract—giving us ample protection against price rises or falls—protection that lasts upwards of a year. Under these conditions, there's little advantage to going to a spot contract basis."

Spot Buying

Still other P.A.'s think spot buying should be used only under certain conditions. For example, Richard Saffir, purchasing chief of United Mills, a leading Southern textile firm, said: "On widely fluctuating items—like dacron-nylon-cotton fabric—we deal extensively with spots. We watch the market very closely—come in when we think prices have reached a floor, leaving it when we feel a drop is imminent. And it pays off."

As might be expected, the difficulty in pinpointing price has led to renewed emphasis on other purchasing responsibilities. "Nonprice factors often net us more than a slight cut in price," said a Ft. Worth chemical purchasing executive. "Location, for example, is particularly important to us—since we have our own trucks and can save on freight costs."

More Than Price

His view was seconded by the director of purchasing for one of the big electrical companies. Price is only one factor among many, said this P.A. "We're after quality, service, initiative and reliability from our suppliers, and we will reward the supplier who shows these qualities."

Late News in Brief

Steel Executive Rules Out Price Hike

New York—Crucible Steel Co. President Joel Hunter said last week he sees no hope for a general price increase either now or for a long time to come in alloy, stainless, and other specialty steels. The chief executive of the specialty producer said the "industry has such an excess supply that a broad general increase is out of the question." Earlier, U. S. Steel Chairman Roger M. Blough, declining comment on prices, said major determinants in steel pricing now are competitive materials and foreign imports.

AMC May Buy Willys

Detroit—Auto industry sources buzzed last week with rumors of a possible purchase of Willys Motors by American Motors. Officials of both firms had no immediate comment on the report. Advantages of such a deal to AMC would be addition of a line of light commercial vehicles and Willys' extensive chain of assembly and distribution centers. Willys lacks dealer facilities which AMC could provide.

Scrap Copper Up ½¢/lb.

New York—Custom smelters raised their buying price for scrap copper ½¢/lb. last week in jumps of ¼¢ on two successive days.

Gov't. Buyer Reports Low Bid

Washington—District of Columbia Procurement Officer Rexford G. Wessells opened the first of his 1961 bids on cement contracts last week and found that for the first time in at least five years a pattern of identical bidding was broken. In fact, said Wessells, the low bid was about \$4,000 lower than District officials had anticipated.

In the constant drive to make the best possible deal, many P.A.'s now make an estimate of supplier costs, and use that as a starting point in negotiating.

The purchasing director of one of the biggest equipment firms in the Southwest has another technique:

"I receive a copy of almost every purchase order, and I scan these to compare the prices for motors, lamps, steel, and capital equipment. We have cost analysis on a price per pound basis, analyzing weight versus size and quantity," he said. "We also keep an eye on the monthly material price variance reports. Here we weigh actual costs against standard costs, making allowances for freight, material price increases, and steel from the warehouse versus steel from the mill."

New production techniques keep popping up to give a sharp producer an edge on prices. "Sometimes I think I hit bottom on my suppliers' price," said one East Coast P.A. "Then I'll hear about a new technique they have developed to cut costs. So I start all over again to get my prices still lower."

The real opportunities for savings, added a Cleveland P.A., lie not in trying to get another penny out of price of purchased materials, but in boosting production rates by newer tools, materials, and processing techniques.

'Special Deal'

PURCHASING WEEK's spot check also showed increasing use of the "special deal" technique, whereby the P.A., through hard bargaining, manages to drive down the over-all price. This type of transaction takes many forms.

"We stumbled on the 'seconds' game quite recently," said one Eastern buyer of fabricated metal products. "We're billed for 'seconds' but the merchandise comes

into our plant in A-1 shape. You'd be surprised the substantial price advantage this gives us over our competitors."

Another P.A. said: "I've arranged to have companies make minor changes in specifications—in order to create 'specials' that are really not specials at all. The result is that they give me a lower price than others who buy almost the same quality merchandise."

The same purchasing man outlined another type of deal which is now widespread in steel and many other raw material industries—freight absorption. He said he now pays carload prices for steel stampings, but the supplier ships it out as LCL lots to his 12 plants.

Another P.A. for an electric contracting firm said his company saved \$40,000 on a contract by getting the supplier to foot the freight bill. "This was a far bigger amount than any penny or two reduction in base price could have netted us," he said.

The technique of "shopping around" for new suppliers or better deals is also on the rise.

"I called four instead of two brass companies the other day," noted the P.A. for a big Chicago industrial products company, "and I found that one was a penny a pound cheaper than the other three. That saved me \$20 on a ton."

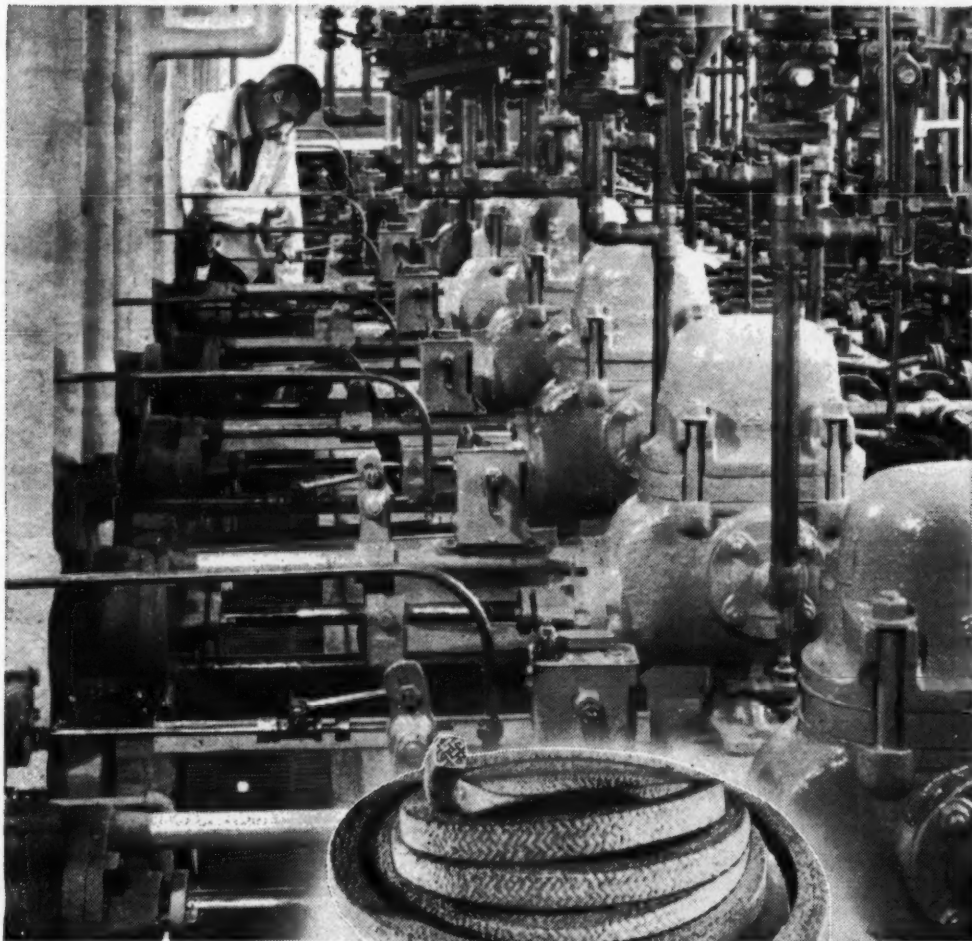
A P.A. at an Eastern instruments firm said his company always asks for quotations and takes the low bidder if he's the most qualified to deliver the goods. A P.A. at another Eastern plant also said he believed the bid method almost always assured the best possible price for goods.

A purchasing executive for a large Eastern utility said he would like to find more suppliers but "It's pretty hard to find more than three sources of big turbines."

Price Changes for Purchasing Agents

Item & Company	Amount of Change	New Price	Reason
INCREASES			
Gasoline, Mobil, upper N. Y., dlr. tankwgn., gal.....	.017	
Gum tragacanth, #1 ribbon, lb.....	.10	\$4.00	good demand
Fluoboric acid, 13-gal. carboy, treklid., lb.....	.02	.21	incr. costs
Home heating oil, refiners, Gulf Coast, gal.....	.0025	.0925	low inventories
Fluoborates, carboys, carlots, copper, lb.....	.01	.34	incr. costs
Lead, lb.....	.01	.225	incr. costs
Tin, lb.....	.02	.88	incr. costs
Nickel, lb.....	.04	.525	incr. costs
Iron, lb.....	.03	.32	incr. costs
Tung oil, imported, lb.....	.01	.265	
Kerosene, Gulf Coast, Refiners, gal.....	.0025	.10	high demand
REDUCTIONS			
Apparatus bushings, TBI, non-standard 69KV & less, ASA 23, 34.5, 69 KV, GE.....	3%-.9%	broaden market
Glycerin, crude, saponification, 88%, lb.....	.015	.165	oversupply
soap lye, 80%, lb.....	.015	.15	oversupply
Copper hydrate, crits., lb.....	.005	.52	copper cut
Feeder voltage regulators, Allis-Chalmers.....	15%	prod. econs.
Tin salts, potassium stannate, lb.....	.004	.776	metal ease
Sodium stannate, lb.....	.005	.633	metal ease
Tin crystals, anhyd., lb.....	.006	.995	metal ease
Ferrochrome, low-carbon, regular & nitrogen-gearing, Union Carbide, lb.....	.02	market pressure
Copper oxide, black, carlots, lb.....	.0025	.45	copper cut
Rope yarn, DLP 61, stdnd. colors & nat., Dawbarn Bros., April 15, lb.....	.07 & .15	prod. econs.

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Through an improved manufacturing technique, Garlock offers a Teflon-impregnated LATTICE BRAID† Packing at a reduction of approximately 40% over the price of similar competitive packing. Designated Garlock 5875, this packing can be purchased at prices comparable to regular packing.

Enjoy premium benefits without a premium price. Garlock 5875 offers a high Teflon content—more than 30% by actual weight—for greater protection, reduced wear. In temperatures from -90° F to +500° F, Teflon-impregnated LATTICE BRAID Packing is recommended for use against moderately destructive and corrosive mineral acids and caustics. For more destructive and corrosive applications, Garlock 5888 Teflon-treated fiber packing is recommended. Teflon, too, is as "frictionless" a material as you will find; this greatly reduces wear to the packing itself, and to any moving parts that it contacts during normal operation.

Specialized construction provides longer life, less maintenance. Garlock 5875 Packing is made from Teflon-impregnated white asbestos yarn, woven in the superior LATTICE BRAID construction. Here, each strand of treated yarn is intertwined at a 45° angle through the packing body. This completely integrates the structure for greater strength and, unlike ordinary square or round braid, eliminates individual layers of yarn—layers that, once worn through, destroy the usefulness of the packing. Without a layer or single outer braid to wear through, LATTICE BRAID remains unified without disintegrating far beyond the limits of other packings.

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1096 West Mason Street • Green Bay, Wisconsin

- ☐ Send me my free Turn-Towl Information Kit containing samples of Turn-Towls and consumer report information.
- ☐ Please have a Mosinee Towel distributor call and arrange to have a Turn-Towl cabinet and towels installed for free trial.

NAME

COMPANY

ADDRESS

CITY STATE

TEST TURN-TOWLS
FREE — SEND THIS
COUPON



MOSINEE
Sulphate Towels

BAY WEST PAPER CO.
GREEN BAY • WISCONSIN
Subsidiary of Mosinee Paper Mills Co.